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## How do you KNOW you can't WRITE?

Have you ever tried?

Have you ever attempted even the least bit of training, under competent guidance?

Or have you been sitting back, as it is so easy to do, waiting for the day to come some time when you will awaken, all of a sudden, to the discovery, "I am a writer"?

If the latter course is the one of your choosing, you probably *never will write*. Lawyers must be law clerks. Doctors must be internes. Engineers must be draftsmen. We all know that, in our times, the egg does come before the chicken.

It is seldom that anyone becomes a writer until he (or she) has been writing for some time. That is why so many authors and writers spring up out of the newspaper business. The day-to-day necessity of writing—of gathering material about which to write—develops their talent, their insight, their background and their confidence as nothing else could. That is why the Newspaper Institute of America bases its writing instruction on Journalism—continuous writing—the training that has produced so many successful authors.

### Learn to write by writing

**N**EWSPAPER Institute training is based on the New York Copy-Desk Method. It starts and keeps you writing in your own home, on your own time. Week by week you receive actual assignments, just as if you were right at work on a great metropolitan daily. Your writing is *individually* corrected and constructively criticized. A group of men, whose combined newspaper experience totals more than 200 years, are responsible for this instruction. Under such sympathetic guidance, you will find that (instead of vainly trying to copy someone else's writing tricks) you are rapidly developing your own distinctive, self-flavored style—undergoing an experience that has a thrill to it and which at the same time develops in you the power to make your feelings articulate.

Many people who *should* be writing become awestruck by fabulous stories about millionaire authors and therefore give little thought to the \$25, \$50 and \$100 or more that can often be earned for material that takes little time to write—stories, articles on business, fads, travels, sports, recipes, etc.—things that can easily be turned out in leisure hours, and often on the impulse of the moment.

### How you start

We have prepared a unique Writing Aptitude Test. This tells you whether you possess the fundamental qualities necessary to successful writing—acute observation, dramatic instinct, creative imagination, etc. You'll enjoy taking this test. The coupon will bring it, without obligation. Newspaper Institute of America, 1776 Broadway, New York.



Newspaper Institute of America  
1776 Broadway, New York

Send me, without cost or obligation, your Writing Aptitude Test and further information about writing for profit as promised in the Review of Reviews and World's Work—November.

Mr. {  
Mrs. {  
Miss {

Address.....  
(All correspondence confidential. No salesmen  
63K363 will call on you.)

*Why don't you write?*

Volume LXXXVIII

Number Five

# REVIEW OF REVIEWS

AND

## WORLD'S WORK

Edited by ALBERT SHAW

### The Progress of the World

Labor Seizes an Opportunity, 11... "No Time to Seek Special Privilege", 11  
... How Far Should Unionism Go? 12... General Johnson Speaks Out, 13  
... The President Meets New Problems, 14... Mr. Roosevelt Speaks Firmly  
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### THE REVIEW OF REVIEWS CORPORATION

ALBERT SHAW, President; ALBERT SHAW, JR., Secretary and Treasurer  
Publication office, 4600 Diversey Avenue, Chicago, Ill. Executive, editorial, and advertising offices,  
233 Fourth Avenue, New York City.

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"With the passage of the National Industrial Recovery Act, there will be placed before all branches of the accounting profession greatly increased opportunities and responsibilities."

*Editorial Note*

*June 15, 1933 Bulletin  
of the National Association  
of Cost Accountants*

# The New OPPORTUNITY in ACCOUNTING

—and how you can take advantage of it

NEVER before, has there been as great an opportunity as now faces efficient bookkeepers and accountants.

You know, of course, that accounting has always been a profession of outstanding opportunity—a field in which the capable, trained man could go faster and farther than in almost any other field. But we believe that all past opportunities are going to be surpassed in the next five years.

And here's why:

In the first place, every firm will watch its accounting as never before. This depression has taught executives the vital necessity of knowing all the facts about their business, where their company stands all the time.

Then our new governmental policy—controlled economy—forces the keeping of better and more complete records in every office and plant. It will not be a matter of choice with any firm—it will be necessity.

For instance, the National Industrial Recovery Act, with regulation of production, minimum wages, uniform prices, codes of practices—centers around cost control and uniform accounting within each industry.

The new Federal Securities Act, with its insistence upon publicity of

complete facts about every company selling its securities publicly, will compel more frequent and more accurate financial statements—and these in turn call for more and better accounting.

And as business gains momentum, there will be a greater demand for trained bookkeepers and accountants—they will go back to work sooner and in larger proportion than any other group—in fact, accountants tell us the demand will probably soon exceed the supply.

## Ask for the Facts

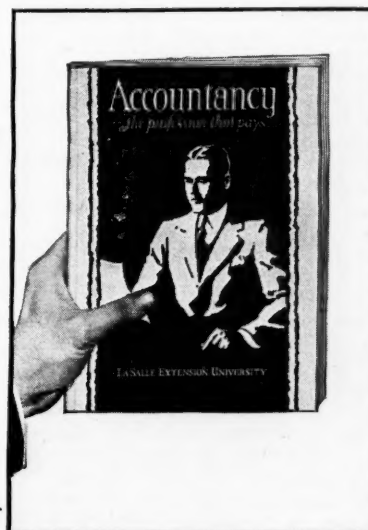
We need not tell you what that means in opportunity for the capable man already in accounting and for the able man who gets into accounting now. Nor need we argue for the practicality and value of LaSalle training in Accountancy—over 500,000 men and women and 1,200 C. P. A.'s have already tested and proved that.

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## Current Reading

### Lloyd George Writes

War Memoirs of David Lloyd George, Volume I, 1914-15. Little, Brown & Co. 469 pp. ill. \$4.

DAVID LLOYD GEORGE was the only man in any country who served in high office throughout the world conflict, from the first declaration of war to the armistice. He was Chancellor of the Exchequer when war came to England, then Minister of Munitions, Secretary of War, and during the last two years he was Prime Minister. Furthermore, he was a cabinet member through a long period preceding the war when plans for the inevitable struggle were being made.

After a preliminary chapter on the brewing of the storm, Mr. Lloyd George's narrative in this Volume I carries the reader from the plunge into war to the Serbian collapse in October, 1915. There are to be four volumes in all. It is an absorbing story, with intimate details of cabinet meetings in a period when Britain was muddling but not muddling through. Volume II is promised for next month by the publishers.

### When Peacemakers Meet

Peacemaking, by Harold Nicolson. Houghton Mifflin. 378 pp. \$4.50.

THROUGH MR. NICOLSON'S admirable reminiscences stalks the domineering prophet, Woodrow Wilson. Orlando, Lloyd George, Clemenceau, Balfour, and a host of lesser men take up their rôles again. When historians evaluate the Paris Peace Conference their task will be easier because of this book. Mr. Nicolson, who was attached to the British delegation, was an interested eye witness of the whole proceedings. Carefully, vividly, he pictures the human atmosphere of the momentous occasion, shows us the participants and the conditions—political, psychologic and pathologic—governing their actions. If realizing the high hopes of Wilson constituted success, the conference was fated to failure. Confusion marked every move of the conference. The sudden collapse of Germany brought delegates unprepared to make peace terms, an unpreparedness matched in more recent history at the London Economic Conference.

Mr. Nicolson's criticism of the American President is severe. He declares that Wilson's presence at the conference was one of "the major disasters of history". The author describes his book as "a study in fog". He points to an obvious actual failure, not of open diplomacy, but, of democratic (or emotional) diplomacy. Readers who believe that more

idealism should ennoble our foreign policy may revise their notions pragmatically after a perusal of Mr. Nicolson's depressing but deeply interesting reminiscences.

### Fifty Years a Journalist

Watching the World Go By, by Willis J. Abbot. Little, Brown & Co., 358 pp. \$3.

MR. ABBOT has entered upon his fiftieth year of association with daily newspapers, as reporter, editorial writer, and editor. His volume of recollections is richer because of the fact that those years were not spent within narrow geographical limits. The story is complete, from early days as a cub reporter in New Orleans to his last twelve years spent in Boston—with intervening service on New York and Chicago newspapers. His most interesting chapters are those which deal with his employment by William Randolph Hearst on the New York Journal (later the American). Those were the days of the war with Spain and of the Bryan campaigns. Mr. Abbot was at the height of his career in a period of personal journalism now past and gone. His reminiscences are concerned mostly with political conventions which he attended, and with campaigns in which he played a significant part; for he wielded the most effective Democratic pen of a generation ago. In 1921 Mr. Abbot became editor of the *Christian Science Monitor*.

### Personal Efficiency

More Power to You! by Walter B. Pitkin. Simon & Schuster, 298 pp. \$1.75.

THE AUTHOR of "Life Begins at Forty", best seller last year, gives us now a volume crammed with suggestions for making the most out of one's energies, "the art of getting the most for the least". Some chapters read like a treatise on health, or a guide to personal efficiency. But the author is merely helping his readers to experiment for themselves in matters of diet, exercise, sleep, and, above all, work. We are told how to rest, to relax, to deal with bores and other disturbers, to plan the day's work, to outwit fatigue, to increase one's energy. Mr. Pitkin would not have us all do twice as much work; some of us would do merely the same amount of work with half as much consumption of energy. His suggestions are especially valuable to those who have already begun to slow down. The author draws freely and frankly upon the findings of authorities in special fields.

### Reform Begins at Home

American County Government, by Arthur W. Bromage. Holston House (Sears). 306 pp. \$3.

REFORMS proceed at a glacial pace unless stamped by the whip-lash of inspired leadership. A people long-suffering from a depression is in a mood for government reform, budget slashing, and tax reduction; but the thought rarely occurs that reform, like charity, might better start at home than wait for Washington, D. C., to initiate something. Consider the antiquated structure of rural government, the overlapping functions and expenditures of city and county officialdom. These things have remained practically unchanged since the tallow candle days that saw the adoption of the Constitution. There are in the United States about 200,000 local government units costing us the incomprehensible sum of seven billion dollars annually. In 1932 every man contributed 61 days of his year to government upkeep. Today we are engaged in a spending spree that has no precedent. Does impoverishment, national and local, lie ahead? Professor Bromage, of the University of Michigan, points to local government as a field fallow and weed-grown for the want of leaders willing to try their mettle against ignorance and entrenched politicians. The dragons of local communities never seem as ferocious as those of distant lands, nor the slaying of them half as romantic. Yet the dragons exist and potential leaders have their strategy outlined for them in Professor Bromage's ably mapped plan for modernizing local government. Young man, go to it!

### World Threat

The Menace of Fascism, by John Strachey. Covici, Friede. 272 pp. \$2.25.

RIISING WORLD PREJUDICE against the excesses of Hitlerism feeds with amazed curiosity on all books purporting to "explain". John Strachey draws up a formidable indictment against Fascism, showing it to be a dangerous offshoot of European capitalism. In it he sees a movement to preserve private ownership of the means of production at all costs, even through a program of violence, and to use an impoverished and disgruntled middle class as its weapon to crush all opposition, privileged classes, trade unions, and coöperatives. The Fascist Utopia apparently offers a muzzled serfdom to workers comparable only to that of the Dark Ages. Its nationalism or "super-violent imperialism", its patriotic spell-binding on "the necessity and ex-



cellence of war", is spreading to other countries. The trend seems poignantly toward international chaos and possibly several centuries of backsliding for the human race.

With his destructive critique, Mr. Strachey should offer something palliative, and being a socialist he marshals his arguments to give his favorite horse the inside track. Being also an Englishman, his searching of British politics for signs of the Fascist menace is keener and more dependable than his references to the American situation. To the reader already upset over the world's health, Mr. Strachey brings fresh qualms. But perhaps it is better to know the worst than to jitter in uninformed suspense.

• • DAILY READING of the Bible is not observed by this generation but its return to style is not improbable. Prohibition is practically repealed and Mae West has revived the modes of the Gay Nineties. To interest the hurrying modern reader we now have "The Short Bible", a translation Americanized by Edgar J. Goodspeed and J. M. Powis (University of Chicago Press. 545 pp. \$2). The work is proposed as an introduction to, rather than as a substitute for, the full-length Bible. To win the laggard mind, the "begat" sections and like passages having slight interest today, are eliminated. One's first surprise is the rearrangement of the books chronologically in the probable order of production. Twenty-four books from the Old Testament are included, seventeen from the New Testament, and one from the Apocrypha.

• • WHAT ARE the scientific laboratories doing to us? How are recent cerebrations of modern thinkers affecting us? The answers, by C. E. M. Joad, himself a brilliant contemporary philosopher, fill a book. It is an illuminating account for laymen titled "Guide to Modern Thought", which should post readers second to none in their table chatter. The new psychology, the new physics, the new astronomy, the new biology, etc., have quite unmistakably pushed yesterday's habits, theories, and notions into lonely disuse, almost without our realizing the changes. Mr. Joad covers a wide field with masterly clarity. The book fills a definite need of the average educated man. (Stokes. 268 pp. \$1.75.)

• • A LITTLE MEDICAL knowledge may be particularly dangerous to persons tending to become hypochondriacs. A little medical theory as to why we are moral or immoral, tall or short, ugly or beautiful, innocuous or violent, frigid or over-sexed, may add the featherweight needed to unseat already unbalanced mental scales. But offsetting this possibility is another, that books explaining such matters as the relation of the endocrine glands to human conduct may help parents and teachers to sympathetic understanding of the warped personalities of children; or friends to aid rather than ostracize victims of the little understood glandular ailments. It is with an intense though somewhat morbid interest that the layman reads the case records and examines the accompanying photo-

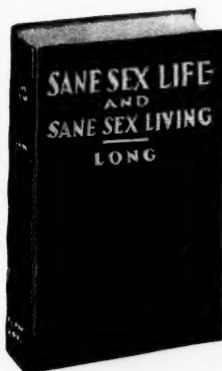
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### Wins Court Approval

Recently, Judge August Dreyer ruled that a book which tells the truth about sex, by a physician, is not obscene. In rendering his decision, Judge Dreyer called attention to the fact that "Sane Sex Life" is highly endorsed by a former Commissioner of Health of New York City, by a Director of Public Welfare, ministers of every faith, prominent doctors, and by well-known educators.

## "You Can't Suppress the Truth!" Says the Judge



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Today I received a kindly letter from Doctor..... former Commissioner of Health, highly recommending Dr. Long's book. It is very gratifying that such a valuable book is now within the reach of all.  
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"Sane Sex Life" is the most valued book I own. Of all the books I've read, this is the first of its kind that deals with the facts so plainly. Nowhere else have I found so much real information.  
F. G. S..... Texas

"Sane Sex Life" should certainly be in the hands of every young married couple to guide them along a path of which they have no knowledge. I am very glad to add my testimony and am only sorry that I did not have such information when I was married.  
R. S. T. (Professor)  
New York

#### Partial Contents

Problems of Sex Life  
Necessity for the Information  
Correct Mental Attitude  
Sex Organs and Their Functions  
Advice to Newlyweds  
Marital Union  
Art and Practice of Love Stimulation  
The Perfect Sex Act

In his decision Judge August Dreyer said, in part: "I have read through this book ('Sane Sex Life') not once but twice. . . . The first question that struck my mind was: Are the statements therein contained true? If they are true, how can you stop publishing the truth? . . . The truth is justification. . . . I have made up my mind that we must not lose sight of the fact that books like . . . 'Sane Sex Life' are written for persons of normal mind."

Until recently only physicians could get copies of "Sane Sex Life" and the price to them was \$5.00. Husbands and wives who learned of the book through physicians were so eager to obtain the valuable knowledge it contains that they gladly paid from \$7.50 to \$25.00 for a copy. But now, in order that every person who needs the helpful knowledge of "Sane Sex Life" may obtain the book, the publishers offer a special authorized edition for only \$2.00. It is complete and unpurgated.

#### CONTAINS INFORMATION NOT FOUND ELSEWHERE

"Sane Sex Life" is as different from other books on this subject as day is from night. Where other books leave off, this book begins. It is the only book available which explains the correct habits to be followed in the most essential factor in marriage. Marriage is far too important to be left to the mercies of the brute instincts, or to the hazards of mistaken methods. Men and women should know ALL

the facts, ALL the truths about the art of Love in Marriage.

In the Iowa State Medical Journal, a medical authority says: "Sane Sex Life" is one of the most useful books which has yet been published."

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From the endorsements given by highest authorities you can see at once why "Sane Sex Life" is regarded by intelligent people everywhere as a valuable guide to this vital subject of the marital relations. More than 200,000 persons have already read "Sane Sex Life." No other book on this intimate question has ever been read by so many people, or praised by them with such enthusiasm. Read on this page what some of the 200,000 readers of "Sane Sex Life" say about it.

You owe it to yourself to read the courageous message made definitely plain and clear in "Sane Sex Life." You will find it one of the most sensible and most valuable books you have ever read. You will discover in its pages such detailed instructions that, after reading it, you will know WHAT to do and HOW to do it.

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## EUGENICS PUBLISHING COMPANY

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• • A GREAT love interest existed in the life story of the Virgin Queen. England for a husband is the idea. Elizabeth transformed him from an insignificant island into a far-flung empire. It is an intriguing presentation of Elizabeth, this rôle of state helpmeet, given us by Milton Waldman in "England's Elizabeth", (Houghton Mifflin. 276 pp. \$3.50) It makes for stirring biography: this shrill-cursing, red-headed virgin, slandering, stealing, fighting tooth and nail down the corridors of history for her beloved England. No genius of a Pitt, of a Richelieu, or of a Bismarck, aided her statesmanship. Often on her decision hung England's fate. Accused of irresolution, time has seen her vacillation honored with the name of "watchful waiting", a policy that avoided conflicts and conserved money and men. One other's story is inseparable from Elizabeth's, that of Mary, Queen of Scots. Mr. Waldman's comparison of the characters of these two queens is perhaps the most masterly stroke in his book.

• • WHEN PIOUS SCIENTISTS attempt to bolster their religious beliefs or theologians try reconciliation of their ardor with the latest scientific hypotheses, the result is a pseudo-something more conducive to dipsomania than to the good life. A very readable study of such efforts to unite science and religion, with particular focus on Henry More's 17th Century attempt, is given us by Paul Russell Anderson in "Science in Defense of Liberal Religion". (Putnam's, \$3.)

• • PURCHASING, long regarded as a matter of bargaining, has grown up. It is now the science of buying. The modern purchasing agent knows how to ascertain and verify the materials needed by his firm, watches price movements, and knows when and where to order and what he should pay. This scientific attitude is the keynote of "Industrial Purchasing", by Howard T. Lewis, Professor of Marketing at Harvard's Graduate School of Business Administration. The book is an official publication of the National Association of Purchasing Agents. (Prentice-Hall, 536 pp. \$5.)

• • "THE ROYAL ROAD TO LEARNING" by Gertrude Charney is of particular interest to groups or clubs bent on self-improvement. In her first few chapters Miss Charney considers the shortcomings of our surroundings: educationally, economically, recreationally, and socially. She suggests a plan for keeping interest in life by developing the mind, body, and voice. The intelligent use of a select list of current magazines, rich in educational material for leisure hours, is the basis of the plan. Articles read are to be discussed orally by the group, and the magazines exchanged. Actual exercises for voice cultivation are included. (6972 Greenview Ave., Chicago, Ill., \$2.)

(Continued on page 82)

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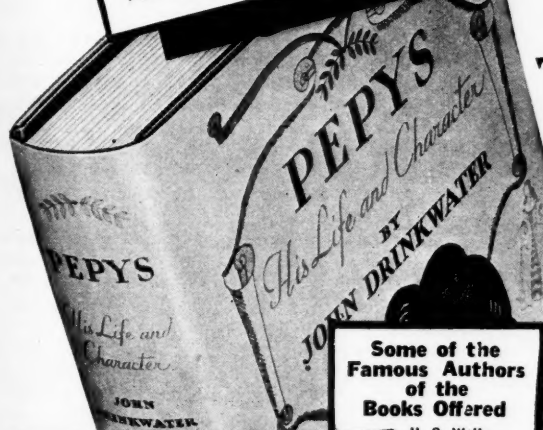
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• • **HISTORY**, despite man's civilized advances, repeats itself with barbaric abandon. Oppression and terrorism have had their innings in China many times but the picture of recent years, through the eyes of Agnes Smedley, is not one of depressing suffering alone but also one of inspired heroism. Miss Smedley's new book, "Chinese Destinies: Sketches of Everyday China" (Vanguard Press, 315 pp. \$3) shows a decaying feudal system staking the lives of millions in its dying struggle; and a Chinese Soviet Republic, comparatively new-born, fighting to maintain a stable government under insuperable difficulties. It makes for drama on a spectacular scale.

• • **SUCCESS** was synonymous with the name of Richard Harding Davis. The legend of the man lives on, greater than his stories which won for him an "open sesame" and an acclaim now accorded only the Prince of Wales. No war, it was said, was a success without the presence of this beau ideal of war correspondents. Gibson made the Davis profile the male complement of the Gibson girl. His life, his dress, his stories, were romantic, even spectacular. He drew the characters of his heroes from his own splendid ideals and conduct. It is his own thrilling story that Fairfax Downey has set down in "Richard Harding Davis and His Day" (Scribner's, \$3). Davis stands for the era before the Great War. He died in April, 1916, at the age of 52.

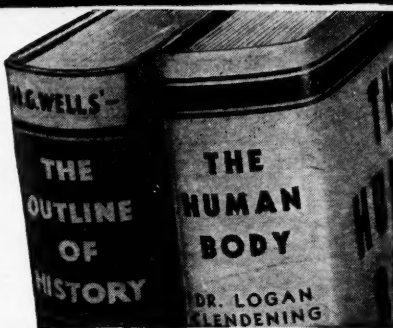
• • **READERS** with a penchant for the psychological in their reading diet should turn to R. H. Wilenski's "John Ruskin", (Stokes, \$4.50). It is an astonishing study of a great weak genius; a scrupulously documented case record for a psychiatrist. But also it is a remarkably, though somewhat morbidly, moving biography for lay readers.

• • **TECHNOCRACY** does not give up so easily as its demise in the headlines might indicate. The problems brought on by the Machine Age still clamor for solution. Creating a new economic order has been undertaken by the Roosevelt Administration, yet all the world's statesmen lack understanding of the situation, asserts Walter N. Polakov, industrial engineer, in "The Power Age", (Covici, Friede, \$2). Machine Age economics have been scrapped not extended, he points out, and our disease is not technological unemployment but rather lack of employment of technology. The author by fact and figure ably demonstrates the need of the times for "engineering statesmanship".

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NOVEMBER, 1933

# REVIEW OF REVIEWS

AND

## WORLD'S WORK

Vol. LXXXVIII.  
No. 5



### The Progress of the World

By ALBERT SHAW

#### Labor Seizes An Opportunity

THE SIMPLE FACT—now apparent to all intelligent people—that the high-powered publicity mechanism of the NRA had for some time been throwing the Recovery program out of balance, need not be stated in terms of severe criticism. Other parts of the program are as important as the NRA; but none of them understood the propaganda technique that Hugh S. Johnson and Charles Michelson were employing with so much energy. For a number of weeks the whole country, like sweet Alice, "wept with delight" over the smiles and promises of NRA, while it "trembled with fear" at General Johnson's "frown". At length the chorus reached a crescendo that might have driven a hundred and thirty million people "plumb crazy" under emotional stress if it had not in due time been brought under restraint.

Yet it was an amazing piece of work that was actually accomplished. With some changes of method, the NRA will continue to be useful. General Johnson and Mr. Michelson have been indispensable, but they might perhaps be transferred to the task of "putting across" some of the other parts of President Roosevelt's program. General Johnson is no self-seeker, and no blusterer; but when he has a job to do he is a perfect dynamo of irrepressible energy. At just about the moment when some other people are venturing to criticize him in tones above a whisper, we prefer to praise him for heroic and successful effort to aid the President and serve the country.

Repeatedly in these pages we have urged the need of modifying the anti-trust laws, in order that business might be regulated usefully, rather than destructively as heretofore to benefit racketeering lawyers disguised as traffic cops. The public has been somewhat confused by the endless use of such phrases as "codes of fair competition", "the right of collective bargaining", and so on. There is nothing in the Recovery law about "codes", but the Act gives the President great power; and those agreements that are called "codes" in the vocabulary of the New Deal are a useful means of promoting coöperation. They prevent monopoly on the one hand, and cutthroat competition on the other. They bring order into the relations of producer and consumer, and also into the field of employment. The Government's position, as regards major industries, seems to us a vast

improvement over the former methods of governmental dealing with business. As we have often remarked, ours has been the only government in the world that has been hostile and ill-behaved towards the business enterprises lying at the base of our prosperity. All other governments learned a good while ago to encourage and help the economic efforts of the people.

In hundreds of business establishments, where relations between employers and wage earners are of the most excellent kind, the organizing propaganda has not come from within, but has been forced from without. It is a curious and somewhat ironical turn of affairs that compels such employers not merely to recognize the unionization that is forced upon them by strangers, but also to pay all the propaganda bills at the behest of those strangers, by taking money out of the pay envelopes of their own employees. Collective bargaining is one thing, but the "check-off" system is something quite different; and in our opinion it is un-American if not disgraceful. A trade union that has not enough influence over its own members to collect the dues that pay the numerous salaries of labor officers and organizers, and that furnish the sinews of war for the political up-building of unionized labor, is more like a racket than like a movement for social betterment.

#### "No Time to Seek Special Privilege"

WE HOLD NO BRIEF for bad employers; but unfairness in most instances on the part of business management can nowadays be exposed and corrected without resort to the exactions of the "closed shop". This, however, is not a last-ditch principle. The closed shop is justifiable, on the basis of experience, in some industries under certain conditions. Collective bargaining, as a genuine and honest practice, has been accepted, and is not in question. But in various trades, notably the building trades in large cities, the bargaining labor leaders and the grafting politicians have too often victimized the workers on the one side, and the contractors and owners on the other side. The remedy does not lie in disbanding the unions, but rather in exercising vigilance against bribery and corruption.

The labor movement would be in healthier condition if it should learn to allow lawmakers and executive officers of government to do their duty, as they see it,

without the constant, overshadowing surveillance of the omnipresent labor lobby. Most of the labor leaders are fine men and good citizens, and we have no complaint against them. They have as good right to watch the Congressmen and politicians as have the representatives of the so-called "interests". But the NRA, supported by public opinion, is doing its best to improve labor conditions and to bring back millions of people into the security of full employment at living wages. Organized labor is exceedingly well represented within the official groups of the NRA.

Mr. Edward N. Hurley, who is a member of the



STEEL WORKERS in an Ohio plant signing up for membership in one of the numerous new unions.

President's Industrial Advisory Board, and also a member of the National Labor Board, takes the trouble, as his urgent duties in both places drive him back and forth between Washington and Chicago, to give our readers a sketch in true perspective of the nature of our business improvement and our progress toward recovery under the NRA. Mr. Hurley keeps his eye upon the main situation. He sees the leaders of all our principal industries coming together in groups, as permitted by the National Industrial Recovery Act, and as encouraged by the elaborate administrative organization of which General Johnson is the head.

Mr. Hurley does not hesitate to warn organized labor against putting on too much pressure at the present time. When they make speeches at Washington, the orators of the labor movement use lofty arguments to support their cause. They would do well to control the scores of thousands of union men who are stimulated by local salaried leaders to engage in strikes, and to use illegal methods of intimidation. Employers also have rights, as well as duties.

Undoubtedly President Roosevelt has been trying to hold an even balance between the forces of Capital and Labor. If he were unfair to Labor he would not be a good politician, because the workers have the votes. But if he favored Labor unduly, employment would cease; because industries cannot forever pay wages that they do not earn while the owners of the invested capital get no returns whatever.

During the October convention of the American Federation of Labor (this being the fifty-third annual convention), a memorial monument to Samuel Gompers, who died in 1924, after many years as president of the Federation, was dedicated by President Roosevelt. The

President made an excellent speech. He found "nearly all of the total of employers and employees alike going along wholeheartedly in the war against depression". He spoke generously of President Green and his associates, as "men who are working with the administration toward the attainment of our national purposes". He summed up his tactful remarks as follows: "The overwhelming majority of the workers understand, as do the overwhelming majority of the employers of the country, that this is no time to seek special privilege, undue advantage, or personal gain because of the fact of the crisis."

It has been stated as an accepted fact that when Mr. Gompers went to Washington at the beginning of the War the federated labor unions of the United States had in round figures two million members, which, under Mr. Gompers' masterful leadership, had been increased two or three fold soon after the conclusion of the conflict. Mr. Green, as the great convention gathered, reported to the executive committee on October 1 that the total membership was then about four million, and that it had been increased by 1,300,000 since the enactment of the National Recovery Act. This would indicate that the membership was not much more than two and a half millions only a few months ago. The character and career of Mr. Green (reëlected last month for his tenth year as Federation head) and the present position of organized labor, are set forth in a frank, close-up delineation by Mr. Clapper on page 21.

Mr. Green has seemed to assume that in logic, though not in precise terms, the American Federation is in fact a part of the government under the law that mentions "collective bargaining". He deemed his announcement of the recent growth of the unions to be necessary, because the report for the fiscal year ended August 31 had shown a technical falling-off of more than four hundred thousand. He pronounced the new slogan of the Federation to be: "Organize the unorganized in the mass production industries", with a membership of ten million as the immediate objective, and after that, twenty-five million. This would bring "the majority of Americans genuinely and actually within the trade-union family".

### How Far Should Unionism Go?

IN SLIPPING THE TWO momentous words "collective bargaining" into the Recovery Act, Congress had no thought of promoting a quick transition from our present form of government to a Fascism, under trade-union control, with all our industrial and transportation enterprises completely dominated by the executive council of the American Federation. Somebody besides the moderate Mr. Green would be Dictator, in those circumstances. Mr. John L. Lewis would hardly shrink from that responsibility. The country as a whole, however, would prefer the leadership of the duly elected President of the United States.

Again let us remark that unionism is entirely permissible if voluntary. But the vast majority of Americans have thus far preferred to manage their own affairs differently. Unions may strike, but they must cease to intimidate. They may boycott and they may picket, but they must be careful how they interfere with other people's rights. Unionism ought to be voluntary on the part of workers, and the enforced "check-off" system, we may repeat, does not seem to us to be playing the game fairly. Its spirit is coercive.



American standards of living go hand in hand with our school system, and the advances of our common civilization. Doubtless, organized labor has done its part in the past to help in such movements as the elimination of child labor, the shortening of working hours, and the improvement of sanitary conditions in shops and factories. But shortened hours have come chiefly through the use of improved machinery, keeping pace with the general progress of society.

In the earlier stages of union labor, factories were burned down because improved machinery was installed. But these very improvements of machinery are what has lifted labor to its present level. Some years ago, after the war, wages had been forced to heights that gave the bricklayer a better income (nominally) than the average teacher, doctor, or lawyer. This, in the end, is a good thing, because it would tend to change the methods of our schools, so that the bricklayer's son might become an astronomer or a statesman, while the professor's son would learn to use tools, build a barn, and make his living on a patch of ground.

The tendency nowadays is towards that New Era in which men and women and families are all coöperating, without social or class distinctions, for the general good. The soldier veterans are a noble brotherhood, when they behave nobly. But they are not to be praised when they harden themselves into a cohesive mass in order to raid the public treasury as against "ordinary citizens". In every conceivable way the country strives to maintain all its families safely above the poverty line. Unionism in recent years has been useful when it has kept pace with social progress, but it has not been useful when it has encouraged a needless kind of class antagonism. That sort of thing does not belong in America, but is a European importation.

### Gen. Johnson Speaks Out to Labor

GENERAL JOHNSON, who is a man of action, is less successful in what he says than in what he does. The country has naturally wondered how any man could be so occupied with affairs of the utmost importance, and at the same time be preparing the only set of elaborate speeches that any official representative of the New Deal has delivered. It was not General Johnson's fault, however, that so much articulate talent, economic and journalistic, had fairly compelled him to expound and to exhort. His most impressive effort in the field of oratory was his speech before the American Federation of Labor, on October 10. The first half was a fine essay in defense of the objects and methods of the NRA. Walter Lippmann himself could not have written better stuff. It was logical, lucid, and convincing. It upheld the view that we have endeavored each month to set forth in these pages, namely, that the great work of NRA was that of bringing order and efficiency into the major industries by setting the anti-trust laws aside, and harmonizing business groups under the dominating but impartial influence of the Government.

The fact that General Johnson has been so tremendous a factor in the accomplishment of this object entitles him to praise and gratitude. Some people can talk well, but cannot act. General Johnson's achievements are a thousand times more important than his exhortations, although what he says is usually worth while.

The second half of his speech to labor leaders told them that they have no excuse for trying to exploit the

industrial situation. The presence of the Government in the new arrangements has made all the difference in the world. Uncle Sam and public opinion could protect wage-earners, whether they were unionized or not. He explained the reasons why there is no excuse at all just now for strikes, or for the militant methods that are still employed by about ten per cent of the body of unionized labor.

It was a speech that could be heard over the radio, and read on Wednesday in the newspapers, with great satisfaction and relief. The country wishes to see fair play, and does not want to be bothered by brow-beating



DYE WORKERS on strike in New Jersey become disorderly and are dispersed with tear gas.

methods on the part of capital, or bullying methods on the part of unionism. It is highly important to know that the Roosevelt administration will stand by Congressmen, as against the intimidation of lobbyists of all persuasions. While we do not like the "check-off" system, it is not because it is an imposition upon the companies, but rather because we think it unfair to wage-earners who ought not to be forced into unionism through sheer fright. Senator Wagner of New York is at the head of a Mediation Board which is so fair and so capable that it removes all excuse for strikes and industrial conflicts.

Much of the machinery of the New Deal is at work for long-time results, rather than for sudden and magical transformations. The great public-works program goes forward, but Secretary Ickes refuses to sow the kind of seed that might produce a crop of scandals. He will have great things to show in the course of another year. He will put the federal government into slum clearances and model housing. Let us hope that he will coöperate fearlessly, and on a comprehensive scale, in the planning that will bring new life to thousands of rural communities, and help several million people to engage in a wholly new type of coöperative pioneering. The hovels of the cotton fields, and in some places the comfortless homes of mine workers, are even worse than any slums one could find in New York or Chicago.

To what extent the Government's efforts have improved the condition of agriculture is a question that we shall endeavor to answer, by competent authority, in our next number. It is hoped that financial relief may change the views of the farm leaders of the West and South as regards the resort to more direct and radical forms of currency inflation.



## The President Meets New Problems

FRANKLIN D. ROOSEVELT came into the Presidency at a moment when economic reaction had reached the extreme point of panic, impelled by fear that paralyzed all activities. We had known that he was a man of agreeable personality, plausible and hopeful, with the vigor of youth and the background of extensive political experience. But we did not know what strength of conviction and principle he might show as national leader when confronted by grave emergencies.

He was about to face tests more severe than any to which his kinsman, Theodore Roosevelt, had been subjected, in so far as tests were imposed by circumstances. Readers will note the fact that these remarks are made at the virtual completion of one full year since Mr. Roosevelt's overwhelming success at the polls in November, 1932. Also, he is completing eight months in actual service as our chief executive. If his career were cut short at this time, it could be said of him that no President in our history had ever, within a like period, met more adequately the definition of statesmanship than has our present leader, as he continues to apply liberal principles to new conditions.

President Roosevelt was not enjoying his best health during the last half of September. The inflationists were attacking the citadel of authority with threats and determination. The banks were not responsive to the Government's proposal to buy preferred stock and expand commercial credit. Hugh S. Johnson was taking an enforced rest, and in the temporary silence that ensued, his incomparable publicity bureau was flooding the country with optimistic reports upon the revival of business and the reduction of unemployment since the NRA assumed control of industry and commerce.

But with General Johnson less in evidence, the modest though competent Harry Hopkins, Federal Relief Administrator, had come into view, and was warning the President and the country that we must expect another hard winter with unemployment thus far reduced perhaps only a little more than 10 per cent, while the savings and private resources of working people were nearly or quite exhausted after four years of slack work. To his credit let it be said that the President kept a cheerful countenance and a hopeful manner, while he was nursing a slight cold and seeking remedies for the epidemic of *inflationitis* that was sweeping the West and South, and that was infecting Capitol Hill in readiness for the arrival of Congressmen after Christmas.

To verify the old saying about troubles coming not singly but in battalions, the President found himself obliged to deal with the puzzle of the Codes, the successive revolutions in Cuba, the slowness of the orchestra to tune up under the baton of the Public Works

leader, and a good many other discouraging situations and symptoms. Besides the inflation menace and the insatiate public appetite for relief funds, there were the disappointed outbreaks of dairy farmers and cotton growers. Worst of all, there were actual or threatened strikes in all directions, on the part of petulant wage receivers who railed at the NRA for not making their short hours short enough, and for failing to advance their weekly incomes to prosperity levels. Certainly President Roosevelt appeared to be on the defensive and under siege, during the last part of September.

Furthermore, the European spectators were gloating a little in September because the swift movement of our Recovery program in July had freshly excited their jealousy of Uncle Sam. They were rather glad to think that the U. S. A. was slipping back into the mud. Europeans dislike one another exceedingly, but they have at least a common bond in their greater dislike of the rest of the world, and especially of the United States. This is true, of course, only of the ruling classes.

The most widely circulated British newspapers, including Beaverbrook's *Daily Express* and Rothermere's *Daily Mail*, were publishing pessimistic reports from their special correspondents, and making unpleasant comments. "PRESIDENT ROOSEVELT'S DILEMMA" was a typical four-column September headline in the *Daily Mail*. The *Daily Express* was exhorting millions of readers to accept its dictum to the effect that the British agreement to

pay the debt to the United States was a worthless scrap of paper, that nothing was really due, and that nothing ought to be paid. The French leaders in politics and journalism had not forgiven the United States for failing to accept their views about currency and exchange at the Economic and Monetary Conference last July.

## Re-shaping the Executive Program

IT WAS INCREASINGLY hard to appease the clamorous demand of Democratic politicians throughout the country for a more rapid removal of Republicans from the federal offices. The prestige of President Roosevelt had been so irresistible during his first half year that the affable Mr. Farley (Postmaster General and also chairman of the National Democratic Committee) had been able to keep the office-seekers from making too much noise and disturbance while they waited. But Senators and Congressmen were visiting Washington in steadily increasing numbers, and their enthusiasm for the "Brain Trust" and for the non-partisan array of special "Administrators" and heads of new "Bureaus" was sadly tempered by their own political predicaments, as the wrath of their henchmen in the home counties was rising to the boiling point.



HENRY BRUÈRE of New York City, who has been drafted as special adviser to the President in matters of credit.

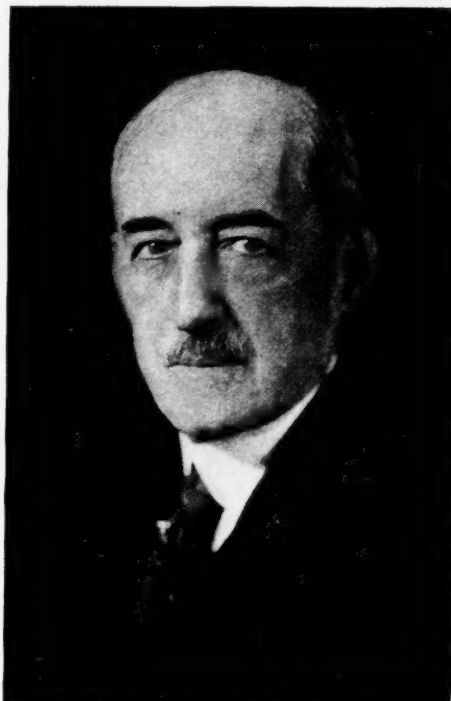
Under these conditions President Roosevelt sought a few days of well-earned repose. He chose to spend a week in completion of his convalescence at the Hyde Park family home on the Hudson. He was, however, as events were to show, not retreating even for a day in disappointment and fatigue. He was calmly rearranging the practical steps that must be taken to bring the various parts of his program into more perfect accord. He must not lose any of the real territory that had been conquered. He had begun in March with the reopening of banks and the protection of business credit. Much had been accomplished, but not nearly enough. He persuaded Mr. Henry Bruère, head of the great Bowery Savings Bank in New York, to go to Washington at once as his special helper and adviser in his efforts to make credit facilities widely available for the transactions of the people. This was a good choice.

But something much more sensational was to follow. On October 2 it was announced at Hyde Park that the President was starting at once on a trip to Chicago, and that he would appear in person and address the American Legion at its annual convention. Friends and advisers urged him not to go. It had been publicly stated some weeks earlier that he could not accept Commander Johnson's invitation on account of the pressure of official duties. But his own private feeling had been that he should go when the time came, if it were possible.

A crisis in Cuba coincided with the Chicago trip, but Secretary Hull was in full accord with the President, and capable of handling our delicate diplomatic situation at Havana. Furthermore, Secretary Hull had been acceptably reinforced by the acquisition of a most desirable associate. Hon. R. Walton Moore of Virginia had served for a number of years in Congress as a member of the House Committee on Foreign Affairs. He had retired from office to the regret of leading men of both parties. Few men in public life are Mr. Moore's equals in scholarly attainments and legal standing. He and Secretary Hull were colleagues in the House for a long time. Professor Raymond Moley, who was valuable to President Roosevelt as an expert student, was not in his element as an Assistant Secretary of State. Mr. Moore is the ideal man for that particular function. The President has called many men of remarkable talents to the service of the government in its widely expanded activities; but it is clear that he does not mean to have the Cabinet heads overshadowed, or lacking in capable assistants.

Having assumed authority in the banking crisis last March, the President's next major task was to win the support of Congress for the Economy Budget that had been prepared by the Director of the Budget, Hon. Lewis W. Douglas. It was necessary to cut expenditures down by approximately one billion dollars per

annum. This could not be done without reducing the usual appropriation for veterans' pensions. Public opinion had supported the President, and the cut was made last spring. But there was reason to fear that the veterans' lobby would intimidate so many Congressmen that it would be impossible to adjust the budget for the following year. Balanced budgets—national, state and local—constitute the most important single feature of public government action, in the general movement for economic recovery. Not to continue federal economy would be disastrous.



HON. R. WALTON MOORE, who becomes Assistant Secretary of State. For many years he was a member of Congress from Virginia.

## Mr. Roosevelt Speaks Firmly to the Legion

TO THE NUMBER of twenty thousand the assem-

bled veterans were gathered in the great Chicago stadium. Their leaders had in a general way pledged coöperation with the President before he arose to deliver his address. When one considers the uncontrolled and reckless demands of several recent annual conventions of the Legion, the temperate spirit of the Chicago gathering indicated a remarkable conversion to reasonableness and common sense. After all, the principal factor in any Recovery program must be found in the state of mind of large, definite groups, and of the citizenry as a whole. No better sign of movement in the right direction could have been given than the reception of President Roosevelt by the veterans, in view of the manner in which scores of thousands of them were cut off from the pension rolls,

or reduced in the amount of their allowances, by President Roosevelt's firm decision only a few months ago. His speech was tactful and sympathetic, and at no point was it disparaging or defiant.

The President said some admirable things about national unity. "If this country is worth living in, if this flag of ours is worth living under, if our social order means anything to us, then this country of ours is worth defending every day and every year of the life of every individual one of us." Continuing, he declared: "I believe in the fundamental obligation of citizenship to don the uniform of our country, and to carry arms in its defense when our country and the things it stands for are attacked. But there are two enemies of national unity, sectionalism and class, and if the spirit of sectionalism or the spirit of class is allowed to grow strong, or to prevail, it means the end of national unity and the end of patriotism."

He found that visitors from other countries could hardly believe that a nation 130,000,000 strong, stretching 3,000 miles from East to West, could be homogeneous in its essential civilization. "Yet, with one language and similar customs and habits, we have shown on many occasions and especially in recent years that we are willing to forego sectional advantage where it can be



obtained only by one part of the country at the expense of another."

Then followed a broad statement that within a few minutes the President repeated, with specific application to the veterans themselves. This was the general statement: "The other enemy of national unity is class distinction, and you and I are well aware of the simple fact that as every day passes the people of this country are less and less willing to tolerate benefits for one group of citizens which must be paid for by others."

Let us quote Mr. Roosevelt's impressive account of the situation last spring, when the credit of the government itself was threatened: "In speaking of national credit we are again dealing with a real thing, not a theory in books. There is such a thing as national credit. It depends upon national unity. Without it the government cannot get the money to give. You and I depend upon it, and in a right sense your welfare and mine rest upon it. That is not just an academic proposition. Industry cannot be restored, people cannot be put back to work, banks cannot be kept open, human suffering cannot be cared for, if the government itself is bankrupt. We realize now that the great human values, not for you alone but for all American citizens, rest upon the unimpaired credit of the United States. It was because of this that we undertook to take the national treasury out of the red and put it into the black; and in the doing of it we laid down two principles which directly affected benefits to veterans—to you and to veterans of other wars."

"The first principle," declared the President, "is that the government has a responsibility for and toward those who suffered injury or contracted disease while serving in its defense." Then comes what for the American Legion is the hard doctrine calling for renunciation: "The second principle is that no person, because he wore a uniform, must thereafter be placed in a special class of beneficiaries over and above all other citizens. The fact of wearing a uniform does not mean that he can demand and receive from his government a benefit which no other citizen received. It does not mean that because a person served in the defense of his country, performed a basic obligation of citizenship, he should receive a pension from his government because of a disability incurred after his service had terminated, and not connected with that service."

The President was willing to go the limit in caring for those who had suffered genuine wartime disabilities. He was ready to consider details for improving such care. The address was a short one, but every part of it as printed was a noteworthy appeal, not to the veterans alone but to the self-respect and manhood of the entire nation. The following paragraph is a typical one and it emphasizes for us all the need of fresh determination to support the leader as he has entered upon new phases of the war for Recovery, with two months yet remaining before the Seventy-third Congress will have begun its first regular session. Said Mr. Roosevelt:

"The realization of our national program cannot be attained in six months. Reemployment has proceeded only a part of the way. From week to week there will be ups and downs, but the net result is a consistent gain. The freezing of credits has been stopped, and the ice is definitely melting. Farm income has been increased; it must be further increased. Industry has picked up, but an increased purchasing power must stimulate it further."

The Legion elected Edward Hayes of Decatur, Illinois, as its Commander for the coming year. Of unusual significance were the resolutions adopted as the convention adjourned on October 5. Dropping the demand for immediate payment of the soldiers' bonus, it was agreed to ask Congress to waive the interest now accumulating on the loans granted against the bonus certificates. This is a compromise proposal that we do not attempt to discuss. On the President's principles, the convention expressed no militant opposition; but for the sake of its own consistency it declared that the care and treatment of war veterans is the responsibility of the Federal Government.

Mr. Roosevelt went to Chicago to save the country by protecting the budget. We granted uniforms to perhaps five million men during the great war, the greater number of whom were never within three thousand or four thousand miles of the firing line. Of those who went to France, the majority found the war at an end before they could take active part. If any comparison were to be made, the mothers of four million of the men who wore uniforms made greater sacrifices than their sons; and by any standards of fairness and justice they would be better entitled to pensions.

There is no danger whatever that soldiers who suffered war disabilities will be neglected by the Government. We are spending more money for their benefit, relatively, than any government ever before spent for pensions. The Legion could make no successful raids upon the Treasury except through the power of a great class organization to intimidate Congressmen by use of the voting power that they and their families possess in every district. But the President will adhere to his principles, and the present Congress will not be stampeded against another Economy budget.

As a result of sharp discussion, the Legion came out strongly against currency inflation. Congressman Patman was on hand, but he remained in the background. After consideration, the convention decided in favor of further restriction of present immigration quotas; and—what is more important—it demanded that Canadians and Mexicans be subjected to the quota system. The convention unanimously adopted a resolution against recognition of the Soviet government by the United States. It opposed the formation of foreign groups in this country supporting Hitlerism or other European governments of that type. It adopted the report of its national defense committee demanding the full maintenance of our army and navy, "without reduction in the interest of pacifism or economy".

### Relief is Foremost Necessity

DURING THE WAR, and for a few years afterwards, the whole world was buying our surplus commodities at a high price. Literally millions of people left farms and country neighborhoods to get jobs in towns and cities. But all countries are producing their own supplies nowadays, at least in great part. We have millions of people still hanging around the towns and cities waiting for jobs that they can never regain. Meanwhile, we have a country of a hundred and thirty million people that is easily capable of supporting three times as many. With something of the courage, sturdiness, and capacity of their ancestors, millions of people could go back to the land, and in due time find health, happiness, and prosperity.





THE FEDERAL RELIEF ADMINISTRATOR, Harry L. Hopkins (center) receives two Governors. At the left is Governor Green of Rhode Island. At the right, Governor Cooney of Montana.

But the movement should be supervised and scientific, rather than haphazard. We believe that President Roosevelt has the vision and the boldness to enter upon a truly conservative, statesmanlike policy of permanent readjustment of our badly distributed population.

Millions of homes of a modest kind would have to be built; old communities would have to be revived and expanded; and rural life and industry would have to be encouraged by long-time systematic policies. The Country Life Association, and many far-sighted individuals, had been preaching this gospel for a good many years. However, the trend was in the opposite direction; and to talk about returning to the country was like trying to blow down the east wind. But alternatives might be presented to many reluctant people that would make them glad enough to go to the country under model conditions that the Government itself would initiate with the help of the forty-eight states.

Colonel Louis McHenry Howe, who is the President's closest adviser and chief secretary, has been rendering a useful kind of liaison service in his interpretations once a week over the radio of essential parts of the President's main program. It was Mr. Howe, several weeks ago, who stated particularly well the principles and methods of a long-time movement back to the land, broadly planned and soundly financed. On October 8, he explained the new Food Purchase Plan, which is to be carried out with the mechanism of a so-called Surplus Relief Corporation. Last month in these pages we spoke of the thousands of hungry children in New York City, with surplus milk going to waste in New York state and surplus apples rotting on the ground. It is proposed to find ways to pay farmers a fair price for their surplus food products, and to bring them to the homes of families who must be helped during the coming months, under the auspices of the Federal Relief Administration.

Mr. Hopkins had announced on October 6 that six million children in the United States were now dependent for their food on public relief funds; and he assured a body of public health officials and welfare experts that the Government was prepared to supply special diets for undernourished children, as well as shoes and

medical care. These specialists were attending a Child Health Recovery Conference, assembled by the Secretary of Labor, Miss Frances Perkins.

"It is inexcusable," said Mr. Hopkins, "that these six million children are not properly cared for. We have the money. We have the organization. Above all, the American people have determination. We are going to take care of these children this winter. That is all there is to it." Mr. Hopkins gave particular attention to the subject of medical care, and assured the doctors that they were not going to have the whole load thrown upon their shoulders without help or compensation. Unemployment funds will now be used to pay for school lunches for the children of relief families.

The government's pig business has gone forward, and by the beginning of October almost four million of these animals had been duly converted into pork, and distributed among a like number of families on the relief rolls. The Federal Surplus Relief Corporation is directed by a board composed of Mr. Hopkins, Secretary Wallace and Secretary Ickes. It will handle coal and clothing, as well as food. It is stated that dairy products, beef, coal and clothing (including shoes) are staple articles that will have first attention; but eggs, rice, and sugar are also on the list. Apples and potatoes might well be added. One interesting feature of the work of the relief administration is a vigorous fight against malaria, in widespread southern areas. A conference on that subject was held in Richmond early in October. Large funds have been granted for this relief bureau headed by Mr. Hopkins, but he estimates that total needs will amount to a full billion dollars a year.

The President's first speech in New York City since his inauguration was delivered on October 4 at the closing of a four-day National Conference of Catholic Charities. It was a frank, straightforward epitome of existing conditions. "This is the time," said Mr. Roosevelt, "when you and I know that though we have proceeded a portion of the way, the longer, harder part still lies ahead, and that it is for us to redouble our efforts to care for those who must still depend upon relief to prevent the disintegration of home life, and to stand by the victims of the depression until it is definitely past."

Referring to the federal government's new measures of relief on a vast scale, he insisted that every community must do its share, and that private social-service agencies must act in partnership with the agencies of government itself. All of Mr. Roosevelt's recent speeches have been brief, wise, simple in their explanations, and eloquent in their appeal to the finer qualities of human nature.

### Permanent Relations to Cuba

OUR GOVERNMENT HAS ENDEAVORED consistently to avoid intervention in Cuba. The situation in September and early October might have afforded ample excuses

for the landing of American troops, if we had been waiting for an opportunity of that kind. But the overwhelming opinion of the country has supported President Roosevelt and Secretary Hull in their frank and open statements of good-will toward the Cuban people and of earnest hope that we should not have to use our army and navy to protect the Cubans themselves from revolutionary chaos.

When one provisional government gave place to a second one, several hundred army officers, refusing to acquiesce in the mutiny of the non-commissioned officers and privates, entrenched themselves in the National Hotel at Havana. They converted it into a stronghold, and were able to smuggle in considerable quantities of arms and ammunition. They were offering a dangerous provocation to the actual revolutionary government. The hotel was bombarded on October 2, with great loss of life; and it was reported that many of the officers were shot after they had surrendered. This incident was unfortunate, but since it helped to unify the control of the provisional government it afforded less rather than more excuse for interference on our part. Americans who criticized the navy for its mobilization in Cuban waters were, in our opinion, more argumentative than convincing.

Cuba's political difficulties have grown out of her economic collapse. Historic reasons of long continuance have placed us under obligation to regard Cuba as a part of our permanent area of domestic commerce. Cuba flies her own flag, and the Cubans must live in accord with their own political manners and customs. But we should trade with them as freely as possible. It is true that our flag flies over the remote Philippine Archipelago, but we are under no obligation to stimulate Philippine agriculture and trade at the expense of our own vast interests in the commerce and agriculture of Cuba. Our relationship to the Philippines is accidental and transient. Our relations to Cuba, in comparison, are essential and permanent.

A sugar quota plan was drawn up at Washington several weeks ago, undoubtedly in good faith. But it did not rest upon sound principles. It increased the Philippine quota (which is admitted free of duty) and it decreased the Cuban quota which pays a high duty. It increased the beet-sugar quota of our western states, to expand an industry that arose during the war period, and that was generally supposed to be based upon the peon labor of Mexican women and children.

When Cuba was prosperous it afforded an immense market for hundreds of commodities made in this country. The influences that have created barriers against the importation of Cuban products are hurting the United States by destroying what has been our best

external market (in the ratio of its population). We are enjoying another of the periodic visits of Philippine leaders. They modestly ask for complete independence; for the American navy to protect them in the enjoyment of their freedom however recklessly they may use it; and for continued access to our markets without paying duty. It is time to grant them independence, and to place them on a precise footing with Japan as regards trade advantages. The United States has obligations not only to the Cuban people but also to the investors who have, in good faith, put many millions of dollars into the development of Cuban agriculture and business. These remarks will not be quite palatable in some quarters, but they are sincere, and also pertinent.

### New Debate Over the British Debt

A BRITISH COMMISSION came to Washington early in October to seek another adjustment of the debt, which some years ago had been settled upon terms that were

regarded as equitable. Great Britain is a wealthy and solvent country, carrying a war debt at home which it prefers to pay rather than to repudiate. What it owes to the United States was passed through the Treasury, but was borrowed, as everybody knows, from private investors. These investors have to be paid. Perhaps unwisely, the Washington government disguised the obligation. The question simply is whether the debt that England owes to investors is to be saddled upon the shoulders of American taxpayers, or is to be taken care of by the government that borrowed the money and used it, promising deliberately to repay it.

The legal obligation is clear, and the moral obligation is far greater than the legal. The American mistake, from the beginning, lay in the treatment of this debt as a part of the business of the United States Treasury. British dealings should have been directly with investors. No solution, at the present time, would be tolerable to any intelligent mind if the United States Treasury were to continue to regard this loan as a government affair. In one way or another it should be thrown out of the Treasury into the investment market.

In our August number, Sir Harry Gloster Armstrong, formerly Consul General at New York, offered what he believed to be a practical adjustment. He would have the British Government float a loan, and pay the United States Treasury one billion dollars. This would be a lucky bargain for England and would, in present circumstances, be worth while for the United States. It would save England from the ignominy of repudiation on hypocritical pretenses, and it would help the burdened tax payers of the United States to get something out of a debtor who was sorely tempted—hating to pay, and hating to default, yet preferring repudiation to the painful inconvenience of spending less money in other directions.

British statesmen stand for their empire, their navy, their balanced budget, and their foremost place in the contemporary scheme of things. American statesmen have wobbled between their yearning for the welfare of other countries, and their plain duties to the United States. Their real job is to support the interests of this country intelligently, realizing that other countries, especially England and France, will never for a moment think it their duty to represent both sides in an international negotiation. Reasonable disarmament, meanwhile, might well precede new debt concessions.



# They Find It Can Be Done!

By EDWARD N. HURLEY

Member of the Industrial Advisory Board of the NRA; Member of the National Labor Board.

**T**HE MAIN DRAMA of the whole NRA spectacle in Washington is not to be found on the surface. It is not played up in the newspaper headlines. It consists of scores of meetings in which competitors sit down around the table with each other and devise rules for coöperation and mutual restraint.

The coming together of suspicious business men to draw up codes for their industries—that is the high point of the NRA. Groups of business men are streaming into Washington to look their competitors in the eye, and foregather with them in hotel rooms and governmental offices, and tackle insoluble problems—and find that after all they can be solved.

I tell you it is remarkable. It is the splendid triumph of reason over the ancient lust of combat.

We are too prone to assume that business men invariably guide themselves by intelligent self-interest, that they will immediately drop every animosity for the sake of a dollar to be won. But in truth the habit of fierce rivalry is too powerful. It has entered into their blood, and they cannot easily expel it. Often they forget all thought of profit in their eagerness to sink their teeth into a competitor. He is a devil; he wears horns. The less their personal contact with him, the surer they are of his wickedness. American business history is replete with grudge fights. At various times factories have been built, stores opened, thousands of miles of railroad track laid down, and all for no economic purpose, but only to defeat some hated rival.

With such a tradition behind them, it would be foolish to expect that all business men could instantly adapt themselves to President Roosevelt's new program of coöperation. An astoundingly large number of the participants in the recent Washington conference have never been members of trade associations; and now, for the first time in their lives, they were asked to sit down with their competitors, the men to whom they had been losing business! What wonder if at first they were bewildered and fumbled their moves?

"This thing is impossible," some of them told me. "It's idealistic; it won't work. We can never draw up a code." Reluctantly they took part in the meetings. The earliest sessions were often full of alibis and recriminations. Always it was the other fellow who had done wrong, who had transgressed by such and such unfair practices. And when they did get around to discussing a code, their viewpoints were apt to be personal and local. Each man was conducting a unique business, and was conducting it in a unique city, where the conditions that might be applicable elsewhere could not possibly succeed! Moreover, they all had special griefs; every man wanted to talk about his sore thumb. They magnified their points of difference and minimized the far more numerous uniformities.

It was only by degrees, as they talked, and lunched

together, and came to know each other, that the local viewpoint grew less predominant, and the national viewpoint rose higher. During these days of conference the participants unconsciously were taking a post-graduate course in their own industry. For the first time in their business careers they were putting themselves in the other fellow's place—and what they saw was new and instructive.

In addition to their age-old individualistic rivalry, there was another obstacle they had to surmount, namely, the black hopelessness that resulted from nearly four years of depression. The heart had been taken out of many of them. An extraordinarily large number of them were convinced that Washington had been remiss in not coming to their rescue since 1929; and yet they were so deep in the dumps that when at last the Government did offer them a program of recovery, they spiritlessly held back.

There was only one help which many of them considered beneficial. This was price-fixing. "Let us mark our prices up," they said. "Let the Government prevent anyone in our industry from selling his products for less than we must charge in order to make a profit. If we cannot have price-fixing, what are we here for?" They did not see that there might be other means of taking themselves out of the red, such as eliminating bad and costly trade practices, and selling a larger volume of their products to the working class, whose purchasing power would be enhanced by the Administration's program of reducing working hours and increasing wages.

But the conferees soon discovered that price-fixing was not to be tolerated. "Get together, talk things over, find some other cure for what ails you," they were told by the NRA deputy administrator assigned to help them. "Work out something that is fair to your stockholders, to your workmen, and to the consumers." And so they sat down in their conferences, analyzed their difficulties, and came to a general understanding.

**T**HEY discussed the harmful practices that had grown up in their industries, sometimes as the result of deliberate action by the executives, but perhaps more often through the overzealousness of salesmen and other representatives. There had been excessive price-cutting, for instance. When business began improving last spring, the sellers expected to benefit. But, in spite of the increased demand, the purchasing agents of the buying companies refused to pay a price that would yield a profit. The salesman said, "Three dollars". The purchasing agent said: "Two and a half. Take it or leave it". And in most cases the salesman, in his anxiety to get an order, took it at the purchasing agent's price. Result—no profit. This was the story told over and over again in the code conferences.



The remedy is to be found in the codes. There has been no authorization of price-fixing in any of the codes that have been accepted by the President. However, the average code not only requires uniform cost-accounting but it contains a provision forbidding the sale of goods at less than cost, except under unusual circumstances, and then only with the special approval of the industry's Code Authority.

The practical significance of this is that all sales must be made at a profit. This means what may be called a "minimum living wage" for every item of goods. If all the proper elements of cost are included in cost accounting, and if no sale may be made below cost, then the seller is assured a high enough price to enable him to get by—provided he can sell at all. If he is so inefficient that his costs are materially higher than those of his competitors, naturally nothing can be done for him. The codes do not sanction a uniform price. They enable the efficient producer to undersell his competitor. Thus there is a continuing incentive to efficiency, from which the consumer benefits.

**P**RICES, of course, have generally been advanced as a result of the higher labor costs under the codes and the President's reemployment agreement. Often the price increases were unnecessarily large. But the immediate falling-off of sales has checked this tendency, and as a result many of the higher prices have been appreciably reduced. Moreover, I can testify from personal knowledge that producers are usually endeavoring to comply with the provisions in their codes forbidding any advance beyond what is necessary to cover the higher costs. "In setting such price increases," say the codes, "full weight shall be given to probable increases in sales volume."

Protection is thus afforded both to the producer and to the consumer. What the codes are intended to stop is not competition as such, but cutthroat competition.

First of all, there must be uniform cost-accounting in the industry, so that the condition of each firm may be measurable at any time in terms that carry a plain and invariable meaning. Without uniform accounting methods, it is impossible to say exactly what is cutthroat competition and what is not; what conditions are today, as compared with six months ago; and what can be afforded in the way of short hours and high wages.

Then, too, the average code requires an exchange of credit information among the members; prohibits indirect subsidies to customers, by which the quoted price is reduced; specifies a uniform guarantee of workmanship in materials sold; forbids the bribery of customers' employees; empowers the Code Authority to stop any firm from imitating the brand name of a competing product; and requires every firm to supply the Code Authority, in confidence, with the secret, jealously guarded statistics of its operations.

It was only after long struggles that all the members of an industrial code-making conference agreed to each of these provisions. Even so, not all the faulty practices in every industry have been interdicted. But the Government appreciates that the obnoxious growths of generations cannot be destroyed overnight. The codes make a good start, and this is all that can be expected.

Seventeen codes were approved by the President during the week before this is written; and in my discus-

sions with men from five of the industries, I was told that they had never appreciated the chance which the NRA offers to competitors to work out a code equitable to everyone. They were glad to know that they would not be asked to bring all their controversies to Washington for settlement, but could do the job themselves, by means of a Code Authority of three or five men in every industry. They said they were going back home with the feeling that the NRA codes were a true and helpful character of the New Deal for American business.

This feeling on the part of business men is particularly gratifying to me, because as chairman of the Federal Trade Commission nearly two decades ago I materially increased the passenger revenues of the railroads by going up and down the country and urging business men everywhere to form trade associations and eliminate cutthroat competition by methods that are substantially the same as those now being applied. I find considerable satisfaction, therefore, in serving as a member of the Industrial Advisory Board.

One other duty that has fallen to me is fraught with uncommon perplexities. As a member of the new National Labor Board, I have an intimate view of the labor difficulties that have recently multiplied. Unfair labor practices as well as unfair business practices should be discouraged. Business men are complaining of the overzealous field men in the American Federation of Labor, who are employing unusual methods in the vast hunt for new members, with the result that the country has been plagued with many strikes.

Organized labor lost an enormous number of members during the depression; now it is trying to recoup. The labor leaders denounce business men who refuse to let labor organizers into their plants. But when it is taken into consideration that only a small proportion of the plants in the United States are organized, it is irrational to expect that business men will overnight adapt themselves to unionization.

What organized labor should guard against is the danger of retarding the NRA by its impetuosity. I personally feel that business men in certain parts of the country are prone to withhold their cooperation for fear that as soon as their code is submitted to the NRA, they will have to let their plants be organized in an outside union. This hesitation, if it continues, will impede industrial progress. And the overzealousness of labor organizers must be held accountable. Organized labor should cooperate, recognizing that workmen can only obtain employment if industry is prosperous.

The essential thing is to get every business into the NRA, under a suitable code. Therefore organized labor should not try to increase its membership to a degree that is out of balance. If the labor leaders are more concerned with getting new members than with putting additional men to work—which is the President's objective, and which would increase the buying power of the nation and stimulate general prosperity—then they imperil the NRA and they make a serious blunder, ultimately harmful to their own interests.

All of us, employees and employers alike, should work together for the NRA and the prosperity of America. Let us try to end cutthroat competition and replace it with a competition that subserves the permanent interests of employers, stockholders, employees, and consumers. A fair profit, a fair wage, a fair price—that is what we should aim at.

# Labor's Chief: William Green

By RAYMOND CLAPPER

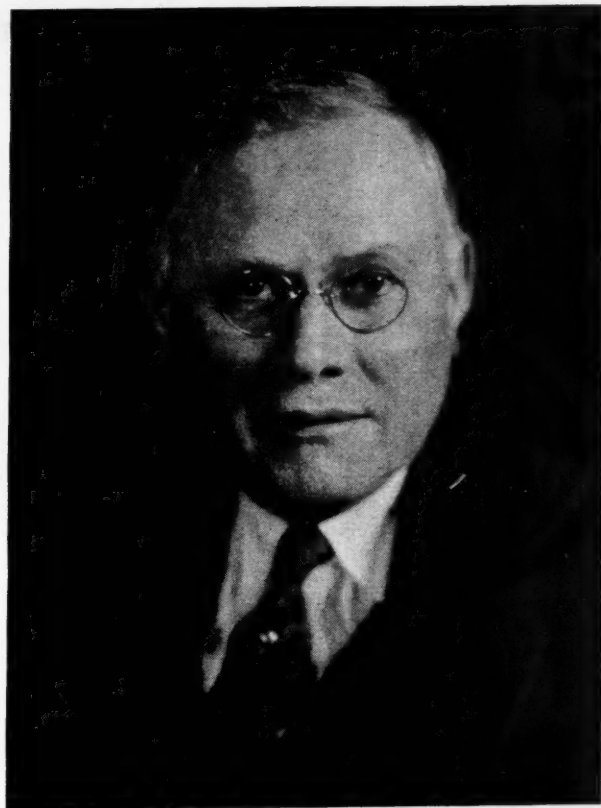
**O**RGANIZED LABOR is riding high, wide, and handsome these days. For the first time in American history it has behind it the force of federal law. It shoe-horned into the National Industrial Recovery Act the now famous Section 7a, giving employees the right to bargain collectively through representatives of their own choosing.

This was an event of profound significance, socially and economically. It has changed fundamentally the relationship between employer and workman. Once the owner himself decided with whom he would bargain on wages and hours. Now by Act of Congress the employees decide. The boss must deal with the person his employees designate as their representative. To Labor this is one of the greatest victories since the abolition of slavery.

To management it is a major curtailment of arbitrary power over relations with employees. This restriction is more likely to continue than some of the others to which management has been subjected by NRA. While the Recovery Act expires in 1935, and may lose many of its features when Congress reconsiders, few who know the history of labor legislation expect there will be any retreat on this point of collective bargaining. Labor, more powerful now than ever before, has never yielded a gain once achieved.

All of which makes one William Green a figure of first importance on the new industrial landscape. The American Federation of Labor is the largest unit by far in the industrial army. Therefore as its president and chief spokesman, Mr. Green is a man who will have considerable to say about redistribution of the income of capital. That is what Labor, having achieved a strategic position in the economic struggle, is now bent upon. Out on the greatest organizing drive in its history, the man in overalls is determined to have what he believes to be his rightful share of the fruits of industry. He is ready to struggle as never before to wrest a larger proportion of them from management and stockholders.

Stage directions at this point call for a wild-eyed, bellowing character, charging back and forth before the footlights, swinging an axe with heroic posturings to break the clanging chains of labor. But in this instance, as so often happens in the world of reality, casting directions have not been followed. In William



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## NUMBER ONE MAN OF AMERICAN LABOR

Green we find labor leadership personified in a man as plain, as plodding, and as undramatic as his name. Disturbed industrialists may be thankful that such a cautious and balanced man is directing the hosts of labor now. And it may well prove a blessing also for Labor itself, though some of Mr. Green's more volatile followers murmur for a more martial general.

In their eyes, Mr. Green suffers by comparison with his now sainted predecessor, Samuel Gompers, belligerent, snorting, Rabelaisian, whose deep, throaty broadsides thrilled his cohorts. Mr. Green, a Baptist who neither drinks nor smokes, looks too much like a banker to fit his rôle. Large of frame, dressed in a dark, well-tailored suit, with a substantial gold watch-chain across his ample waistcoat, clean shaven, dark brown eyes shining out of rimless nose-glasses, baldish with graying temples, he appears on the platform to be safe and sane enough for anybody. A diamond ring flashes as he gestures, not with the thrust of a clenched fist but with loose-handed waves. His voice lacks the resonance to stir deeply. He looks comfortable and successful, not like a man who has spent himself in a cause.

**M**R. GREEN's sixty years have, as the lives of labor leaders go, been remarkably placid. Though he started to work in the coal mines at Coshoc-ton, Ohio, after he left public school, he was holding office in the United Mine Workers union before he was thirty. At twenty-seven he was elected a sub-district president of his union. Six years later he was named state president for Ohio. In 1913 he became secretary-treasurer of the union, a comfortable inside job where he lodged quietly until the sudden death of Samuel Gompers in 1924. During this period he was interested



in Ohio Democratic politics; and he served in the state senate, where he sponsored Ohio's pioneering workmen's compensation law.

Union labor politics threw Mr. Green unexpectedly into the presidency of the American Federation of Labor when Gompers died. The story behind this sudden leap from obscurity to the pinnacle of a labor man's ambition involves one of the sharpest feuds in labor politics. While Mr. Green was serving as secretary-treasurer of the U.M.W.A., John L. Lewis, a stocky, bushy-haired man, eight years his junior, shot up to leadership of that union. Hard-hitting, ambitious, a vital, fearless, aggressive figure, Lewis in 1921 had contested with Gompers for the presidency of the American Federation of Labor. It was tantamount to challenging God, because the veteran Gompers, founder of the Federation, had just brought it through the war period with greatly advanced strength and prestige.

**L**EWIS was defeated. He probably would have lost anyway, but he was particularly aggrieved at the opposition of Matthew Woll, head of the photo-engravers union and a vice-president of the Federation, small, black-haired, nimble lieutenant of Gompers, who regarded Woll as the choice for the succession. Lewis never forgave Woll. Three years later, when Gompers died, Lewis pushed Woll aside and shoved in his own subordinate, the hitherto inconspicuous Mr. Green. Though Lewis has been recognized as the stronger of the two men, and has been repeatedly urged to seek the presidency of the Federation, he has refused to consider it. Overtures were revived this year.

"I'm for Bill Green 100 per cent," Lewis said. "He's my friend and I will support him."

Now in his tenth year as the Number One man of American labor, Mr. Green's reign has been unspectacular until recently. His most remembered exploit was his challenge to Herbert Hoover over the appointment of William Nuckles Doak as Secretary of Labor. Previously this office always had been held by an A.F.L. card man. The king-pin of labor organizations had come to feel a proprietary interest in the cabinet post. Word reached Mr. Green that Mr. Hoover was considering the appointment of Doak, who was lobbyist for one of the railroad brotherhoods which are not affiliated with the Federation. Mr. Green indicated his opposition and urged the appointment of his old friend, John L. Lewis, but the President was uninterested. Finally the Federation chief went to the White House for a showdown. Finding Mr. Hoover adamant, Mr. Green left with a public statement that an A.F.L. man must be appointed. Immediately Mr. Hoover announced that the White House could not be dictated to by any group, and promptly appointed Doak. Thereafter the relations between the two presidents were like those of two strange bulldogs. The general verdict in Washington was that Mr. Green had by his tactics invited a public rebuke from the White House, and had demonstrated that there was one worse politician in the world than Mr. Hoover.

Mr. Green was equally unsuccessful in obtaining the post of Secretary of Labor for an A.F.L. member from President Roosevelt, although an open clash was avoided. He opposed the selection of Miss Frances Perkins. She retaliated by refusing at first to accept the Federation's Washington lobbyist, Edward F. McGrady, as her first assistant secretary. However, Mr.

McGrady is a gallant and irresistible man, and after he and Miss Perkins had worked together in the Recovery Administration they became good friends. Madame Secretary changed her mind and welcomed McGrady into the Department as her assistant.

Labor's president has been as consistently conservative in trades-union policies as in economics. Faithful to the traditions of the Federation, he has accepted the capitalist system, and has confined himself to contesting within that framework for a larger share of its earnings. He has fought for shorter hours and higher pay. But he hates communists and socialists more than capitalists. He has resisted all suggestions that the Federation embark upon a labor party program. It is Mr. Green's belief that organized labor can work best through existing political parties, and through them reward friends and punish enemies.

These are the principles established by Gompers. Though a socialist in early life, Gompers had seen the failure of the Knights of Labor, which sought to become a political party. Sweeping the country in the Seventies and the Eighties, the Knights grew overly ambitious and taking a cue from European labor movements launched upon expansive plans for reorganizing society. They failed to realize that the American workingman has an American viewpoint and on the whole is indifferent to the socialist doctrine which has permeated European labor. Soon they aroused so much enmity, and were so intent upon future Utopias, that workingmen were ready to listen to the more immediate and practical suggestions of the cigar maker, Gompers, who proposed simply going after higher wages and shorter hours. The wily leader left matters of general statecraft to others. He fought throughout on this line and stamped the Federation firmly against revolutionary theories, so much so that this premier organization of the underdog has been most bitter in opposing recognition of the Russian communist government.

Even through three years of depression Mr. Green held fast to the Gompers formula. Suddenly the New Deal arrived, with an Administration launched upon a flexible program of economic experiment. Before Federation leaders were scarcely aware of what was happening, the National Industrial Recovery bill had been presented in Congress. Its collective bargaining provision was drafted by Donald R. Richberg, for years counsel for the railroad brotherhoods and the brightest legal mind in the labor movement. After the bill had been introduced, the executive council of the Federation met hurriedly to consider what its attitude should be. It urged some minor amendments in the House. Then the Senate Finance Committee slipped in a change in Section 7, the collective bargaining provision, stating "that it was not intended to compel a change in the existing satisfactory relationship between employees and employers". Labor regarded this as sanctioning company unions and fought it successfully. Thus labor won a clear mandate from Congress in favor of collective bargaining.

The crucial section stipulates that all codes of fair competition shall provide that employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from interference, restraint, or coercion of employers in the designation of such representatives or in self-organization. It also provides that "no employee and no one seeking employment shall be required as a condi-



**LABOR IN ACTION.** John L. Lewis (left), president of the United Mine Workers, talking over the situation in Pennsylvania's coal fields with Gov. Gifford Pinchot (right). Dr. Leo Wolman (center), chairman of the Labor Advisory Board, sets an example in calmness.



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tion of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing."

Under this authority Labor is given a full green light. The humblest iron puddler is free to deal with his boss directly, or to select one of his fellow employees to represent him, or to bring in a union agent backed by the power of a national labor organization. How extensively this power is used depends upon Labor itself.

When the NRA was set up, Labor was allowed to put its own men on guard inside to see that the intent of this new charter was not nullified by interpretation. Labor's star legal mind, Richberg, was made Chief Counsel. McGrady was made Assistant Administrator for Labor. Dr. Leo Wolman, labor economist and adviser to Sidney Hillman, president of the Amalgamated Clothing Workers, was made Chairman of the Labor Advisory Board. On his board are not only Mr. Green but a half a dozen other nationally known labor leaders, including Lewis, Hillman, and John Frey.

With this official foundation, Labor moved out into the greatest organizing drive of its history. Entirely new fields had been opened. Automobile and steel industries were wide open, waiting for union organizers to show up. Results in the first four months of NRA showed that Labor had lost no time in taking advantage of this opportunity. On the eve of the Federation's convention at Washington, Mr. Green reported that from June 1—a period of four months—charters had been granted for 584 new unions directly affiliated with the Federation. National and international unions within the Federation, he reported, had issued 2,953 new charters. These two groups of new unions were estimated to have 800,000 members.

**A**S OF October 1, Mr. Green placed the total membership of his organization at 3,926,796. He estimated that there were another 1,000,000 members among the railroad brotherhoods, the Amalgamated Clothing Workers, and other unions not under his tent.

This shows the Federation to be at the moment barely under its peak membership, which was 4,078,740 in 1920, when it was riding on the crest of its war growth. But early this year, starved down by the depression, it had sunk to its lowest post-war level, barely 2,000,000. Never has unionism shown such rapid growth as under the Blue Eagle regime, practically doubling its membership within a few months. The two periods of greatest growth for organized labor have been under Democratic administrations and this is truly its golden age.

With this new blossoming, Mr. Green has grown more

bold, though still appearing to lag far behind some of his followers. Still, he dealt a sledge-like blow at a group of large employers who, he said, were "chiseling" on labor. He charged that company unions were being forced on employees in violation of Section 7a by: E. I. duPont de Nemours; Aluminum Company of America; the Kohler Company; Remington-Rand; Pittsburgh Plate Glass; Newport News Shipbuilding and Dry Dock Company; Lamson and Sessions; Frigidaire; Delco-Remy; R.C.A. Victor; Jones and Laughlin Steel Corporation; Sinclair Refining Company; Market Street Railway Company of San Francisco; and Louisville Gas and Electric of Louisville, Kentucky.

On the other hand, it was only a short time until Mr. Green felt it necessary to restrain overzealous union groups which were going on strike unnecessarily. While he insisted that the right to strike was fundamental, he besought his men first to exhaust every other means of peaceful settlement.

"The workers," he said, "cannot and must not be called upon by anyone to surrender the right to strike. It is an absolute and unqualified right."

"But it seems opportune to counsel conservation of effort and wisdom in all our actions. Through the administration of the National Industrial Recovery Act, instrumentalities have been created for the adjustment of industrial differences. I urge all workers who have grievances to make use of the instrumentalities now available before resorting to the extreme action of striking."

"The entire industrial picture is changing in America, requiring new ideas, new methods, a new view of what to do and what not to do. The procedure I urge is thoroughly in keeping with the New Deal, which is creating new methods and new instrumentalities for the settling of industrial disputes. It is, I think, the duty of wage-earners to give it a fair trial, and it is certainly a matter of wisdom to make use of this machinery until it is proven that it cannot be helpful. It is the wise use of a militant spirit that produces the best results for all concerned."

Mr. Green is not entirely pleased with the operations of NRA to date. He concedes that speed was essential and that mistakes were inevitable. Whereas employers are complaining that Labor is getting more than its share out of the new government (*Continued on page 55*)



"When a claw is caught the bird is lost."—Old Russian Proverb. (The cogwheel tag reads: "Ruined Industry.")

From *Trud* (Russia)

# The World Looks

FOR EIGHT MONTHS a sceptical and uneasy world has been watching the New Deal. Over the progress of the great experiment economists and statesmen, bankers and farmers, employers and workmen in all civilized countries have been arguing eagerly, and no wonder. The great gamble, as it is regarded, does not affect the United States alone. Every fluctuation of prices in this country, every movement of currency, seems to involve mankind as a whole in the gain or loss of billions.

Throughout the world the personality of President Roosevelt has made a deep impression. Everyone admires a man of courage who, amid chaos, can think quickly and decide. Nor is it often that such strength of character is associated with so kindly and modest a charm of manner. The morale of the nation was shaken. Incredible irresponsibility within the sacred citadel of high finance had spread panic. People, betrayed as they thought by the bankers, did not know whom to trust. It was the influence of the President that saved this desperate situation. Confidence was restored; and confidence is half the battle.

To the sophisticated and nervous financiers of the old world, the songs and the parades that accompany and—as they think—obscure the New Deal may be merely a form of oxygen, administered to a heart that needs it. Germany has her Swastika, the Prince of Wales tells everybody to "Buy British," Russia symbolizes the Hammer and Sickle, and the Blue Eagle flies over the United States. When it comes to curves of commerce, what is all this propaganda save the spray on the surface of the ocean? It is not over the air that economic issues are decided. Prosperity and depression are determined by rules of industrial, commercial, and financial arithmetic which, like the laws of the Medes and Persians, altereth not.

Even the realists admit that the President is compelling people to think about the things

that matter. His objective, by whatever path he approaches it, is the right objective. To military nationalism—expressed in disputes over frontiers, wrangling about armaments, racial and religious rivalries—the New Deal is a counter-irritant. It forces nations to consider peace as well as war—to study prices, credit, currencies, conditions of labor, and not merely guns, tanks, and poison gas. The United States is still a pioneer in the pursuit, not of empire, but of happiness.

On the actualities of the New Deal, international opinion is acutely divided. In Great Britain the Labor party is enthusiastic. The energy of President Roosevelt is contrasted with the "supine" attitude—as it is described—of Prime Ministers MacDonald and Stanley Baldwin. There is exultation over the victory of the trade unions in the land of the open shop; and to politicians, anxious to take over the Bank of England, the United States is offering useful precedents. Communists in Russia are delighted over the application of state control to private enterprise, and regard President Roosevelt as a Daniel come to judgment. The Bastille of Capitalism may not have collapsed. But, according to the hopes of Moscow, it is crumbling.

There are conservatives to whom the raptures of the radicals are no recommendation. They detest the Five Year Plan in Russia and suspect that the National Industrial Recovery Act, if it becomes effective, will be little better. London has welcomed aristocrats fleeing from the guillotine. She is now assailed by the flight



From the Glasgow (Scotland) *Daily Record and Mail*  
AN AWKWARD situation, as there is a slight difference of opinion amongst President Roosevelt's advisers as to the financial policy he ought to pursue.

# at the New Deal

By P. W. WILSON



THE DEATH SPRING! Sensational performance of Roosevelt's Eccentric Troupe!

of money from the New Deal. On the glut of unemployed capital, whether in Europe or in the United States, interest rates have fallen as low as one-fourth of 1 per cent.

In all verdicts the sentiment of the jury, including prejudice, plays an important part. The European press is still gossiping over what appeared to be the confusion among delegates from this country to the World Economic Conference, and the meteoric appearance of Professor Moley has become a legend. Governments do not forgive President Roosevelt for the peremptory terms of his refusal to stabilize the exchange of currencies which, as they think, broke up the Conference; and they resent the allegation that countries, other than the United States, are failing in the effort to work out their own salvation. They retort by asking whether it is salvation that the United States is working out.

There are those in Europe who urge that, slowly but surely, an impoverished world was finding its way back to normal conditions and that everywhere we could see signs of recovery. This was the moment, so it is suggested, when the United States—a major factor in the situation—plunged into a speculation, so uncertain and

In Mr. Wilson's article last month it was stated that Mr. LaGuardia, fusion candidate for mayor in New York City, was Italian born. Mr. LaGuardia was born in New York City.



ROOSEVELT: "Watch me, Europe, I do as I please."

so stupendous, of which we are only beginning to realize the momentous consequences.

Advocates of a managed currency, led by J. M. Keynes and Irving Fisher whose graphs appear in the bulletin of the *Encyclopedia Britannica*, welcome the declaration of President Roosevelt that the dollar, after a century of vicissitudes, must be so adjusted as to be worth ten years hence what it is worth today. To orthodox financiers in Germany, Italy, and France, any such playing with the currency is anathema. Still suffering from recent and terrible experience of what the inflation of rubles, marks, lire, and francs meant in misery to the people, they decline pointblank to be driven a second time off the gold standard.

To take stock of the New Deal is thus essential to public opinion, at home and abroad, and we have at the outset what may be called the flying start. The personality of President Roosevelt, supporting a pronouncement that it was his purpose to raise prices, stimulated immediate recovery. In advance of higher prices, people bought goods and business was brisk.

But in July this sudden momentum was exhausted and the flowing tide began to recede. It is the demand for a further stimulus to trade that has now to be dealt with, and not alone by the Administration. Under the menace of a supreme emergency a friendly Congress may have abdicated in favor of the President. But in January the men from Main Street are again to assemble in Washington, and the absolute discretion of the executive comes under review.

Decisions usually submitted to democracies for arbitration have been simple in their fundamentals. The people have voted on taxation without representation, slavery, freedom of the press, equality of religion, the maintenance of the union, and so on. A proletariat has now to cope with economic subtleties over which the finest intellects of the race have pondered without arriving at unanimity. To deflate, to reflate or inflate—it is a question over which Hamlets in all universities and chancelleries are pouring forth their per-





From the Glasgow (Scotland) Record

CAME THE DAWN—OR DID IT?

plexed and perplexing soliloquies. Is this question, on which depend the livelihood and property of millions of families, to be answered according to the best mind of a great, free, and educated people, surveying a worldwide landscape of material opportunity? Or is it to be left to the intrigues of lobbyists, appointed by special interests, appealing to ignorance, and acting without reference to those larger considerations which, at a time like this, ought to be regarded as paramount?

The trouble with the New Deal, as with Christianity itself, is not that it has failed, but that at this time of writing it has yet to be tried. We have here a machinery of finance, industry, commerce, and agriculture within which production and consumption are to be actively interdependent. But the machine is only beginning to get going. It is like a high-powered automobile, complete in all its parts, that has been duly cranked. The engine is running. The machine throbs. But it is when the engine is put into gear that the car can actually travel along the road.

The contention of the inflationists is that the automobile has run out of gasoline—that is, currency—and must be replenished. The fact is that the tank is full and bubbling over. There is plenty of money in the country and the difficulty is to put this money to good use. If, then, the car is at a standstill, it is because the feed line and spark-plugs require attention.

On captains of commerce there falls obviously a great responsibility. It is all very well for steel and coal and Henry Ford to hold up the New Deal because they do not like it. But are they prepared for the alternative? And what would be the alternative? A return to the caution of Mr. Hoover? Not at all. There would be, inevitably, a more violent swing to the left. Mr. Roosevelt himself has playfully hinted that if the New Deal were to fail he would be the last President of the United States. A more drastic dictatorship would be imperative.

The standard of life by which the New Deal has to be judged is two-fold. In industry there should be a job for everybody at a fair wage. On the farm, which

is itself the job, there should be a fair price for produce.

Industry has been conducted under unlimited competition, of which the Sherman Anti-Trust Law was the somewhat vulnerable Magna Carta. That law is in abeyance, and by means of codes industry has been enrolled within what, during the Middle Ages, was called the guild. Child labor is abolished. Collective bargaining is declared to be the right of the worker, and buccaneering in business is put under a kind of Rotarian ban.

But there have been delays, and enforcement, less by law than by organized influence, is only beginning. Also, the codes have been weakened by compromise, and on a vital point.

Industry has been adopting mechanical devices for the saving of labor. Despite much technocratic exaggeration, it remains the fact that fewer persons have been working on a larger output, and in March

the number of unemployed was estimated to be as high as 13,000,000. It was decided, therefore, to spread the work by putting industry on short time, namely a 30 hour week. Hours have been reduced, but not to this extent. At Labor Day, therefore, unemployment was diminished, not by 6,000,000 as had been hoped, but by 1,500,000 only, or thereabouts. There are stated to be 10,000,000 bread-winners still out of work.

The industrialists, and especially the small firms, put their side of the case. During the depression they have sustained losses. Their reserves of capital and credit are thus depleted. Yet they are asked largely to increase costs of production and distribution of commodities. Suppose it be probable that, in due course, better business will enable them to cover expenses. How are they to carry on in the meantime? Where is the money to be found for payrolls at the end of the week?

The banks are urged to grant credit, and why not? Have they not been themselves helped liberally by the Reconstruction Finance Corporation? And is not the Treasury providing new currency by the purchase of federal obligations in the open market? Why is it, then, that, despite an expansion in trade, there should have been little, if any, increase in bank loans?

The bankers admit that they have the money. They state that they are anxious to lend this money to all applicants who offer reasonable assurance of early repayment. But they cannot undertake other than strictly banking risks, and for two special reasons. First, they have been severely censured for speculating with depositors' funds. Secondly, they wish their assets to be so liquid that they can qualify for the insurance of deposits which begins to operate on January 1.

It is thus elsewhere than in the banks that many industries, and especially small industries, must look for immediate cash. And, as it happens, the raising of new capital is discouraged by recent legislation imposing serious liabilities on all who issue securities on the market. The risk of financing industry during this transition appears, therefore, to be a public risk, not a private one; and in various ways the state is shoulder-

ing the burden. But during several weeks of stress and strain the brake was on the wheels.

There is raised the question whether industry is sure of receiving in due course the payments for output that will cover the higher cost of production. It is not enough to point to the rise in prices. The great majority of consumers receive what, in effect, is a fixed income. For all these families there is just so much money to spend, and a rise in prices can only result in a loss of real wages or purchasing power. Nor is this an academic detail. Appreciating the consumers' point of view, the trade unions and the American Legion are agreed in opposing inflation, and already there has been an epidemic of strikes. The precise situation has arisen of which this writer gave warning in the REVIEW OF REVIEWS three months ago. Price-raising, as a panacea, has been found to work both ways.

To uphold consumption is thus essential to the success of the New Deal, and here the Government is in a curious position. The measures of economy and taxation, whereby the budget has been brought nearer to a balance, were salutary. Unless the budget be balanced, the Treasury cannot borrow, except on ruinous terms. But balancing the budget does not increase the consuming capacity of the nation. On the contrary, it restricts that capacity. There is less money for the Government to spend, and less money left to the taxpayer.

Hence the urgency of the capital expenditure authorized at Washington. The reorganization of railroads and their better equipment, public works of a colossal magnitude, the purchases of surplus food and clothing for the use of the unemployed, and direct relief are means of fortifying consumption against the adverse influence of higher cost of production. It must not be supposed, however, that at this date the huge sums of money, headlined in the press, have been scattered as largesse throughout the country. The appropriations—especially for public works—have had to be carefully considered. They are only beginning to take effect.

**W**HEN a government is bankrupt it has excuse for trying to pay its way with fiat money. Before the French Revolution, *assignats* were thus issued. Indeed, they led to the Revolution. The borrowing power of the Treasury at Washington is not exhausted. There is no difficulty in placing loans. If, then, there is to be a use of the printing press or a devaluation of the dollar, necessity cannot be pleaded as a reason. Some advantage, real or fanciful, must be anticipated.

The New Deal includes a complicated and far-reaching measure of agricultural adjustment. By restricting the production of cotton, grain, and livestock, prices have been raised. But, despite a World Conference on Wheat, the farmers are by no means satisfied with their position, and it is they who demand inflation.

The reason for the demand is not that more dollars are needed. If the inflationists desire that dollars should be plentiful it is because they also wish them to be cheap. Prices of produce—so it is contended—will then be high, and the income of the farm will be raised accordingly. In cases where there is a mortgage, the burden will be eased. The argument has always



From News of the World (London)  
ROOSEVELT (trying to make consumption overtake production): "Seize it, Sam, seize it! It's your only chance of a square meal."

been supported powerfully, and for obvious reasons, by the silver interests. The monetization of silver would enhance its value.

On this issue libraries have been written, at home and abroad. It is disputed that cheap currency increases the real value of farm products. It was the peasants in France who, during the inflation by *assignats*, were driven in desperation to burn the mansions of the *seigneurs*. Nor has the present depreciation of the dollar meant that prices are satisfactory in the Middle West. Value is determined, after all, not by a medium of exchange but by supply and demand. At any given moment, supply and demand are expressed in the same currency, however inflated or deflated it may happen to be. According to buying and selling, so does the price rise and fall. The depreciated dollar has not stimulated exports. On the contrary, the great increase has been in imports, especially of raw materials.

There is unanimous agreement that farm and factory should reap their due rewards. But these rewards, so it is urged, cannot be guaranteed by changes in currency. The market for grain, livestock, cotton, and sugar is an international market. Prices, in the long run, cannot be other than international prices. Industry also is an international enterprise. As Sir Herbert Samuel, the leader of British Liberalism, said recently in New York, a country cannot shut out foreign goods without shutting in its own goods also. It is by the liberation of commerce from irrational restrictions that the New Deal for the United States can be broadly based upon a New Deal for the world.

The day seems to be rapidly approaching when the United States, still confronted by surpluses of goods, will be compelled to tackle the problem of foreign trade, and not merely by lending money abroad. This time, there must be facilities arranged in advance for payment and amortization of the debts, not in gold, for there is practically no gold abroad which can be used to repay, but in goods. It is by lowering tariffs that sound money can be put to full use; and money in full use is always safe.



# Tomorrow's Housing

By T. J. MALONEY

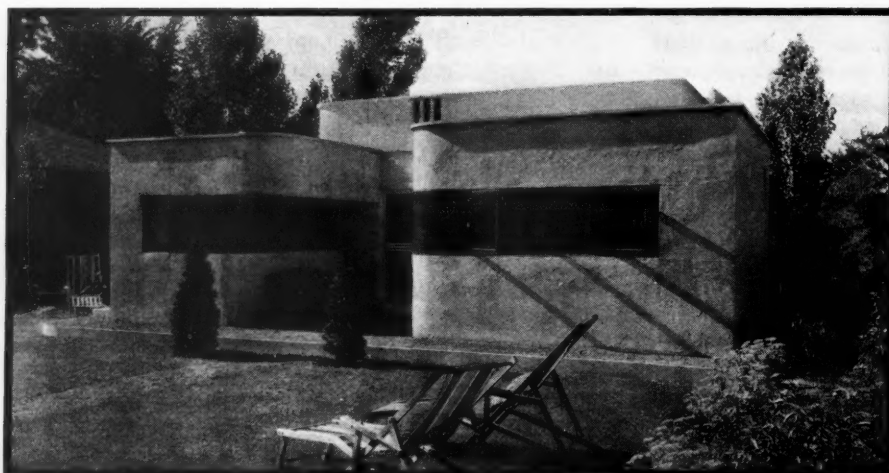
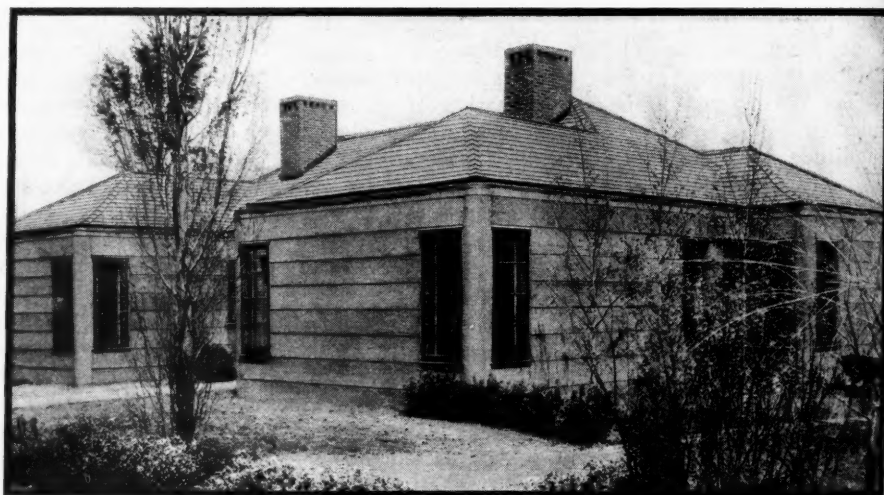
**R**EGARDLESS of how far Mr. Joseph Citizen travels, and of how every form of transportation caters to his convenience, he has a starting point and a point to which he always returns. They happen to be one and the same, and he calls it home. And home, the center from which his entire existence radiates, is translated into today's greatest industrial problem and tomorrow's greatest industrial hope, and classified under the name of Housing.

Three or four generations hence, when an economic interpreter studies our present generation, housing may be the one generic term for us. Certainly in today's reports to today's people, housing looms large indeed.

There is every reason why it should. Measured in terms of industry, of sociology, or of art, housing stands supreme. The simple reasoning behind the demand for a new deal in housing says that industry can find greater outlets for more materials and more work—ergo more prosperity—in housing than elsewhere; that sociology does its greatest work when it enters the field of shelter; and that architecture is the basic art, has been since man needed shelter, and will be until he can do without it—which in any civilized state means never.

WOOD has long been the standby for homes. Many special uses were shown in this five room Lumber Industries house at the Chicago World's Fair, including newly designed furniture, and ceilings and walls paneled in a variety of American woods. Note the windows in the corners of the rooms.

Architect: Ernest Grunsfeld



Photograph by Appleton

So the steel corporations, the cement companies, the zinc, copper, lead, and various other raw materials producers look to housing to curtail their woes. Certain philanthropists—including the United States Government and sociological critics such as Stuart Chase and Lewis Mumford—add their voices to the same plea, for reasons similar and dissimilar. Architects, from Frank Lloyd Wright to the youngest neophyte, join the din. Presently the new in housing gets its first real articulate display at Chicago's Century of Progress. The well grounded critic and the lay critic then speak their minds—and find it good, bad, and indifferent.

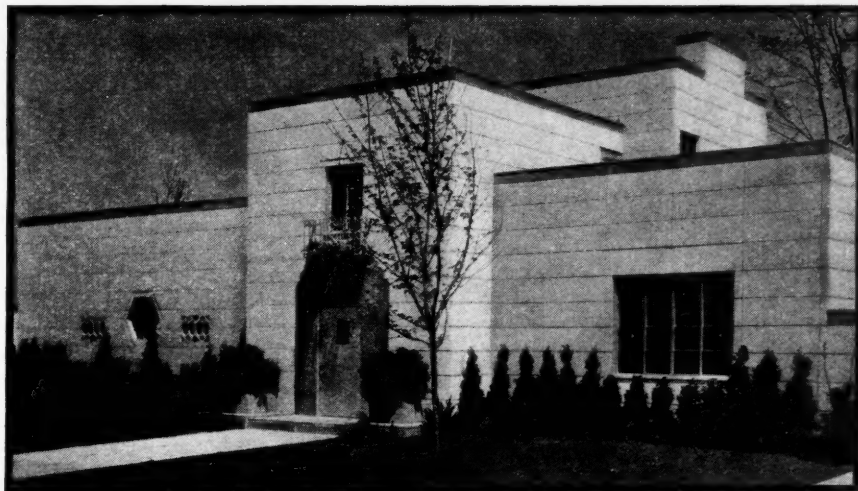
But the outstanding contribution of A Century of Progress should not be overlooked: 20,000,000 people. The enterprising citizen from all over the country is seeing these new houses—these fantasies that he had but read about until his own visit to the exposition. Not only that, he is seeing them in a setting that is bound to make him open to the new. This may all bewilder him, but his education now has the fundamen-

**ECONOMY** need not omit artistry or comfort. This \$1300 home built by Franklin Brill at Buffalo, N. Y., for two people, has no cellar, dining room, furnace, baseboards, flooring, tiling, eave-troughs, closet doors, or bedsteads, yet boasts a wood-burning fireplace, mechanical refrigeration, built-in radio, built-in furniture, shower, carpeted floors, and a roof solarium. The walls are of pre-cast masonry, their interior surfaces of pre-finished processed board.



**ROSTONE**, a composition of limestone and shale, lending itself to color effects and a high polish, was used in this modern home. The stone is made in standard sizes with bolts cast into the sections. The same material, colored, was used for the entrance hall, parts of the living room walls, and to pave the roof deck. Both this home and the one pictured below were exhibited at the Chicago World's Fair.

Architect: Walter Scholer



**ANOTHER** trail-blazer in building with ready-made units. The frame is of light steel beams; the walls are insulated box-like units, house high, factory fabricated in various widths. The exterior is of enameled steel.

Architect: Robert Smith, Jr.

ful harvest from the seed that is now beginning to sprout.

And don't forget money. The owner of a Ford, a Chevrolet, or a Plymouth feels that the purchase

price is reasonable; it is his share of the benefit of machine production. The owner of a new home in most of our urban centers can have no such feeling under the present plan of building and purchasing. The structure is entirely overbalanced, and fluctuations in real-estate value, carrying charges, disguised racketeering, and political intake mount astonishingly to form the greatest part of the money involved.

On the other hand, look at the home constructed by Franklin Brill, a young man neither architect nor engineer, but well versed in modern ideas of materials, home-making, and home-furnishing. Complete, it cost some \$1300 to produce. It not only houses himself and his mother in perfect comfort, but in perfect taste, and with cooling, housekeeping, and upkeep at new lows similar to his building costs. Says Mr. Brill:

"Many experimental houses have been built in this country, but few of them have reached the low-cost goal they set for themselves. Few also have been designed for that very large and important unit, the family of two, with provision for later expansion; in other words, the coupe-with-rumble-seat market.

"The house illustrated here is an exception. It was designed for luxurious living for two, cost only \$1300, accomplished by careful choice of materials, largely pre-fabricated, and by elimination of traditional nonsense. It was designed, somewhat as a protest against our antiquated building and living methods, by a layman. It stands in a suburb of Buffalo, N. Y., and does

tal of seeing, instead of hearing, instilled in his consciousness. He is going away with the opening wedge instilled—and heaven help our manufacturers and architects if they can do nothing further.

They can—when they overcome equally heavy artillery of the present labor, finance, real estate and political set-up. Building a house is an entirely different matter from building an automobile. The difference lies in something seemingly as simple as wheels—another of the things that in a distant day defeated its period of depression. Wheels give mobility to an auto, and mobility largely eliminates the factors mentioned above. The land is basic. Not only the house upon it, but all the world of building trades, real estate operators, politicians, and to a great extent bankers, live off the land.

Even the changes introduced by Frank Lloyd Wright in his first "prairie houses" of thirty years ago caused bankers to withhold building money because such houses could not be a good investment; caused contractors to refuse to work on them because they were not "right", and labor unions to balk at them because they used new materials—machine-made materials. Why mention further the ramifications of a similar nature promulgated by the political machines, and by the real estate set-up that works with them—has to work with them—hand in hand? The larger problems are still before the engineer and architect, who must cope with the lawyer, the banker, the labor leader, the politician, and even the racketeer to produce the necessary plenti-



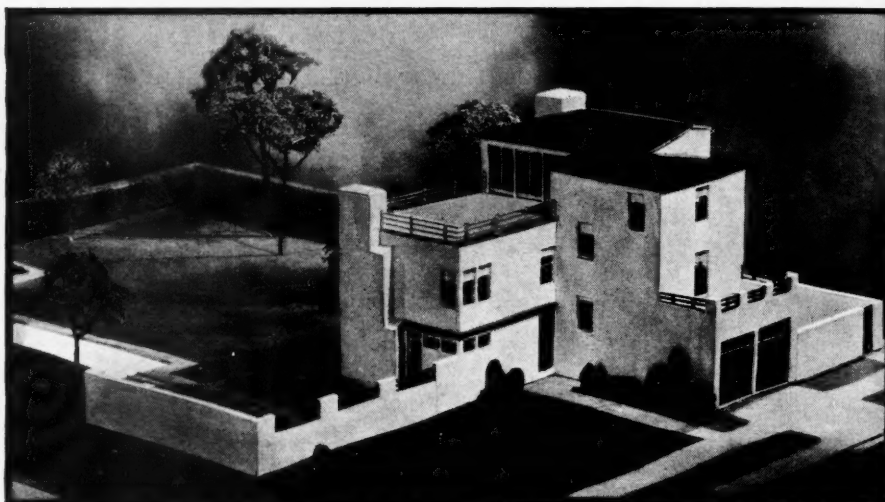
**SUN HOUSE.** This design is based on unit construction, the parts being of standard sizes and shapes, prefabricated, delivered to the site completely finished, and there assembled by simple devices. The second-floor, half-closed porches are retreats from ubiquitous and talkative neighbors.

Architect: Harvey Wiley Corbett

*The photographs on this and the opposite page are reproduced by permission of "Architectural Forum" and R. H. Macy & Co.*

**OUTDOOR HOUSE.** This home focuses attention on the garden which the suburbanite is expected to enjoy as much as his house, or even more. Open porches, southern exposure, with an outdoor fireplace, face on the garden. The masonry walls shelter the swimming pool and garden, making it comfortable on chilly days. The garage is placed nearest the street so that no garden space is wasted.

Architect: Raymond M. Hood



very nicely without such customary things as cellar, dining-room, furnace and furnace piping, baseboards, wainscoting, plastering, lathing, papering, flooring, shingling, tiling, exposed woodwork, porch and porch-steps, eave-troughs, and conductors, closet doors, sconces and wall-switches, bedsteads.

"Yet it offers such luxurious features as wood-burning fireplace, mechanical refrigeration, broadloom carpet throughout, built-in radio, shower bath, roof solarium, ventilating fans, built-in furniture. It stands on a concrete base, moisture-proofed and insulated, with walls of pre-cast masonry, flat-deck roof, with much of its interior surface consisting of pre-finished, processed board applied in large panels."

As the illustrations show, this is a picture story—pictures of houses at Chicago's Century of Progress exposition, houses designed by leading New York architects, models of which are at present part of R. H. Macy's and the Architectural Forum's "Forward House" Exhibit in New York, and Mr. Brill's house. Houses, houses, houses. And changes, changes, changes. Meaning new methods and new materials. And new uses for old materials. And new conceptions of old ways of living. And vice versa.

Any raw-material manufacturer will tell you with what tremendous difficulty he moves into the housing field. Why? Mainly for the same reason the steel people are finding it hard to sell steel beer barrels to

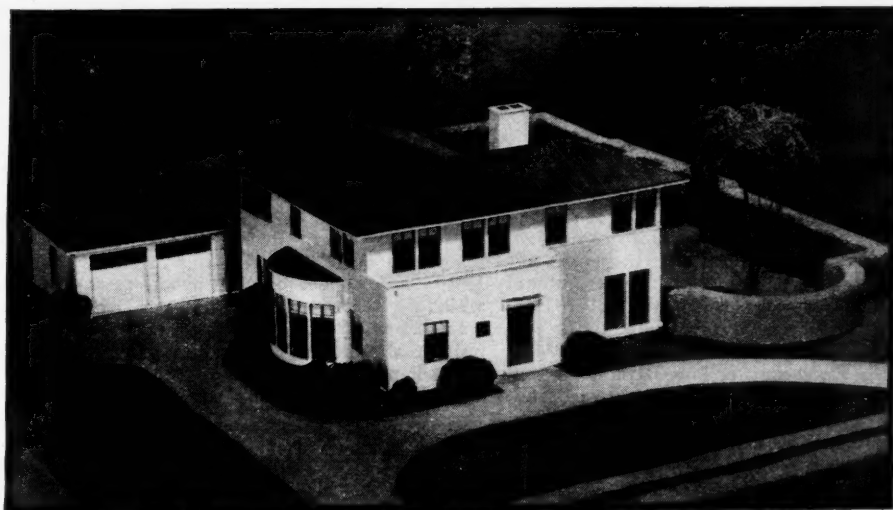
the brewers. Steel barrels are just as good; with the research talent behind steel it would be no surprise to hear an announcement that they are better. But steel does not fit in with mahogany bars, flowing mustaches, Milwaukee fronts, and glass steins heavier than the beer within them. There is no sentiment to steel when it comes to beer. And there is no sentiment to any new material when it comes to housing. It should not surprise you to know that advertising and salesmanship direct 50 per cent of their efforts at overcoming that old impostor, sentiment.

Look at this about-face in our fairy-tale exposition of housings trend. It's been a long time since zinc, copper and lead standing-seam roofs have had wide popularity. But they seem to be due for a revival, to become the newest of the new. This is true not only with roofs. Whole houses are sheathed in metal. Standing seams and batten seams, with their decorative possibilities in making use of long horizontal or vertical lines, are distinctly intriguing the architects who planned the Forward House models. Dr. George Reid is constructing a modern residence of this type near Rome, in New York State.

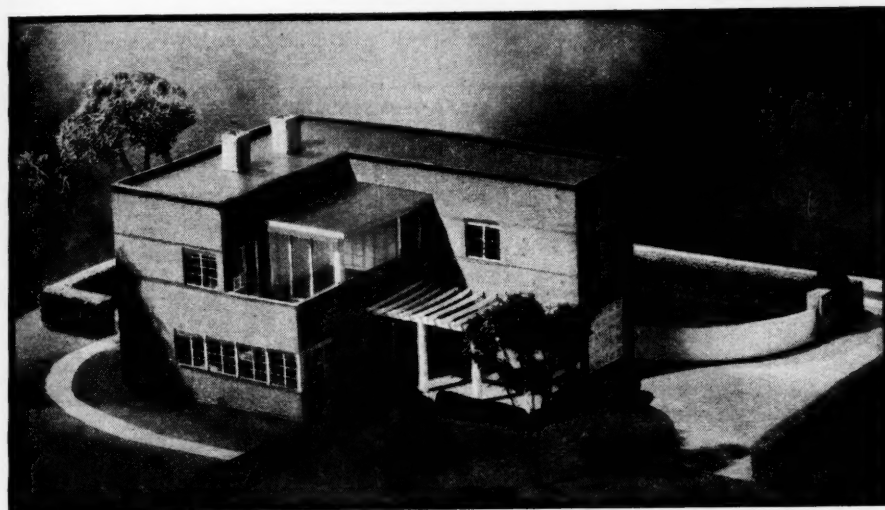
You see the Rostone House. What is Rostone? It is a composition of limestone and shale, susceptible to many color effects and taking a high polish. There is the Ferro Enamel House, constructed with exterior surfaces of enamel-clad steel plate; the Masonite House,

**HOSPITALITY HOUSE.** This timber house is simple, light, and places greatest stress on comfort, convenience, and arrangement of rooms so they can be opened up to permit entertaining. It is a compromise for those who prefer modernism without too radical changes in appearance.

Architect: Ralph Walker



Photographs by Goold Studios



**COMMON SENSE HOUSE.** A small family brick home without cellar which offers a large living room, dining alcove, kitchen, garage, laundry with oil heater, on the first floor; and three bedrooms and a sleeping porch on the second floor. This is a servantless house, planned to save steps for the housewife.

Architect: Ely Jacques Kahn

the House of Tomorrow, which is practically a glass house; our old friend the Brick House, constructed in the most radical manner, the Lumber House, the Stran Steel House, and what not. Of criticism or approval, your judgment is as good as that of anyone else, for judgments run to good, bad, and indifferent.

There are trends, however, that will be incorporated in all of tomorrow's housing. The house will set as close to the street as possible, with the garage on the street and the living-room at the rear, overlooking the yard and garden. Thus living will be more private, with less noise, greater convenience, and less show. Streets will become no more nor less than delivery arteries. Cellars have ceased to be a necessity, and heating units will be installed in the garage or elsewhere at the spot of greatest convenience. The dining-room becomes nonessential as such, and is included as an occasional part of the large living room. Larger areas of glass, and flat roofs for solariums, will make the sun's rays a more important adjunct of living. Air-conditioning becomes as fundamental as heating—in fact, becomes a part of the same unit. Kitchens and bathrooms continue their merry leadership as the outstanding rooms in the American home. Insulation becomes an art instead of a blasphemy, and furnishing will be simple and severe, rather than soft and voluptuous. Furniture also becomes an integral part of the construction in so far as possible. It is cheaper and

better thus. Paint will be as important as ever—perhaps more so because of color's prominence in any decoration where simplicity is the keynote. White—the coolest color—becomes even more important, now that insulation and cooling are prime considerations in housing. Metals become of increasing importance, structurally and decoratively.

These are but a few of the symbols of change. Can all this be done well within the scope of Mr. Joseph Citizen's pocket book? It can, when the obstacles previously mentioned are overcome. The propaganda that is such a vital necessity for any movement as revolutionary as this is far beyond the initial state. But even at the Century of Progress and at Macy's exhibit, the main factor seems to be overlooked. Modern housing is nothing if not low priced—and certainly these exhibits are far from satisfactory when it comes to meeting our Mr. Joe on his own terms. It is all well and good to show him how lovely and convenient a modern house can be, but until he is also shown that that house can be bought as reasonably and as easily as his Ford, Chevrolet, or Plymouth, there will be no sales in quantity. The manufacturers are thinking in those terms. From present indications the architects in general are not. They need to get together on this problem as on many others. They will, and these seeming phantasies of today will be sound and pleasant realities of tomorrow.



# INDEX OF GENERAL BUSINESS

**T**HE SPECIAL composite index prepared for this magazine by the ECONOSTAT shows a further decline for the month of September. This is due largely to the difficulties of transition from the old laissez faire conditions to the radically altered circumstances of the New Deal. This movement from one area to another presents five friction points which have had the effect of retarding business recovery.

First and outstanding have been the difficulties with labor. The organized working man has regarded the NRA as a new charter of privileges. He has attempted to take advantage of his new position by striking for higher wages and better conditions than the particular codes governing the separate industries have allowed. The rapid organization of new units (no less than 500 have been

admitted to the A. F. of L.) has resulted in an unprecedented number of jurisdictional disputes between labor leaders and existing labor organizations regarding their legitimate territory.

A second factor which has acted as a temporary shock to advancing business is the full impact of the higher costs which the NRA imposes. The New Deal was hailed at the beginning as the promise of order in industry and a higher level of activity. The greater costs involved had not been adequately discounted.

A third factor has been the failure of the higher wages paid to workers to flow back to employers in the form of increased business. The spread work idea has fallen short of its objective.

The fourth factor has been the great volume of anticipation buying in August.

This has represented no increase in consumption but simply a purchase of goods to be used at some later period. As a result retail trade for September has suffered.

Finally there have been the difficulties of adjustment to the producing and commercial conditions of the codes. These difficulties, though serious at the time, are temporary in character and will be eliminated in the course of time.

On the credit side of the business picture we find that the Government has changed its attitude toward banks and bank credit. It is less hostile and more cooperative. It is trying to lead the banks to the business trough to drink and is abandoning the policy which in the beginning, at least, looked a great deal like coercion.

In the second place, the Government, as General Johnson's speech before the American Federation of Labor so clearly indicated, is now aware that the zeal of labor to secure its full advantages under the NRA may exceed wholesome bounds.

INDEX OF GENERAL BUSINESS		DOWN
Sept., 1933.....	59.8	
August, 1933.....	64.2	
September, 1932....	56.0	

INDEX OF FINANCIAL ACTIVITY		DOWN
September, 1933....	41.2	
August, 1933.....	43.0	
September, 1932....	51.6	

Bond Sales—N. Y. Stock Exch.		Index	Data
September, 1933....	95		\$231,500,000
August, 1933.....	102		216,100,000
September, 1932....	100		246,221,000

Stock Sales—N. Y. Stock Exch.		Index UP	Data
September, 1933....	44		\$43,319,000
August, 1933.....	43		42,466,000
September, 1932....	70		67,424,000

Corp. Div. and Int. Payments		Index UP	Data
September, 1933....	129		\$645,205,000
August, 1933.....	93		349,620,000
September, 1932....	87		437,440,000

New Corporate Security Issues		Index DOWN	Data
September, 1933....	2		\$ 8,911,000
August, 1933.....	2		14,049,000
September, 1932....	1		6,500,000

Money Rates in New York City		Index DOWN	Data
September, 1933....	18		.84%
August, 1933.....	23		1.06%
September, 1932....	34		1.56%

Bank Debits in N. Y. City		Index DOWN	Data
September, 1933....	45		\$12,215,000,000
August, 1933.....	52		13,054,000,000
September, 1932....	57		14,163,000,000

Rate of Circulation of Bank Deposits in New York City		Index DOWN	Data
September, 1933....	46		2.02
August, 1933.....	53		2.21
September, 1932....	53		2.32

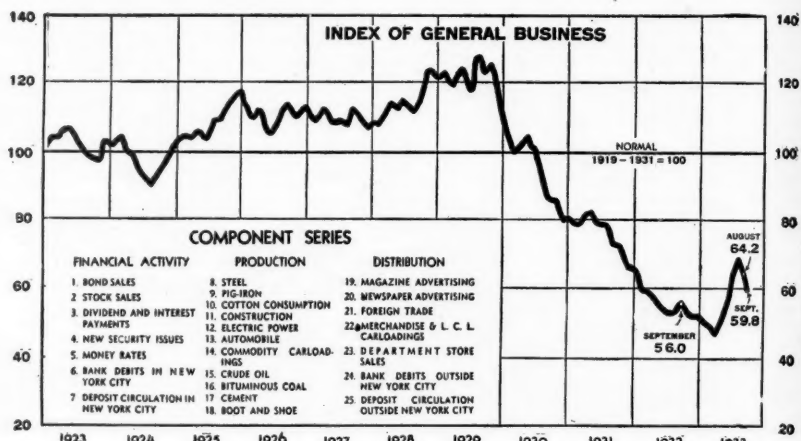
INDEX OF DISTRIBUTION		Index DOWN
September, 1933....		68.5
August, 1933.....		75.7
September, 1932....		63.2

Magazine Advertising		Index DOWN	Data
September, 1933....	49		1,515,000
August, 1933.....	52		1,315,000
September, 1932....	45		987,000

Newspaper Advertising		Index	Data
September, 1933....			not available
August, 1933.....	67		\$4,300,000
September, 1932....	66		62,324,000

Foreign Trade		Index	Data
September, 1933....			not available
August, 1933.....	62		\$286,000,000
September, 1932....	50		230,400,000

\* Revised



## Merchandise Carloadings

	Index	Data (weekly aver.)
September, 1933....	68	395,000
August, 1933.....	67	391,000
September, 1932....	65	381,000

## Department Store Sales

	Index (Fed. Res. Ind.)	Data
September, 1933....	76	70
August, 1933.....	*84	*77
September, 1932....	79	70

## Bank Debits Outside N. Y. City

	Index	Data
September, 1933....	57	\$12,340,000,000
August, 1933.....	68	14,068,000,000
September, 1932....	63	11,767,000,000

## Rate of Circulation of Bank Deposits Outside N. Y. City

	Index	Data
September, 1933....	81	1.37
August, 1933.....	94	1.56
September, 1932....	65	1.10

## INDEX OF PRODUCTION

September, 1933....	59.8
August, 1933.....	*64.2
September, 1932....	52.8

## Steel Ingot Production

	Index	Data (capacity)
September, 1933....	55	40.89%
August, 1933.....	67	49.42%
September, 1932....	24	17.34%

## Pig Iron Production

	Index	Data (aver. daily tons)
September, 1933....	61	50,742
August, 1933.....	71	59,142
September, 1932....	23	19,753

## Domestic Cotton Consumption

	Index	Data (run'g bales)
September, 1933....	100	501,000
August, 1933.....	131	607,000
September, 1932....	98	491,700

## Total Construction Contracts

	Index	Data
September, 1933....	38	\$122,616,000
August, 1933.....	33	106,130,000
September, 1932....	45	128,000,000

## Electric Power Production

	Index	Data (kw. hrs. (aver. daily))
September, 1933....	76	249,300,000
August, 1933.....	77	252,000,000
September, 1932....	74	224,600,000

## U. S. Automobile Production

	Index	Data (cars & trucks)
September, 1933....	63	190,000
August, 1933.....	61	212,000
September, 1932....	28	84,100

## Commodity Carloadings

	Index	Data (aver. weekly)
September, 1933....	63	240,000
August, 1933.....	65	243,000
September, 1932....	51	196,000

## Crude Oil Production

	Index	Data (barrels)
September, 1933....	102	76,800,000
August, 1933.....	107	84,940,000
September, 1932....	87	65,040,000

## Bituminous Coal Production

	Index	Data (tons)
September, 1933....	72	29,880,000
August, 1933.....	84	33,850,000
September, 1932....	62	26,042,000

## Portland Cement Production

	Index	Data (capacity)
September, 1933....		not available
August, 1933.....	41	35.9%
September, 1932....	42	36.9%

## Boot and Shoe Production

	Index	Data (pairs)
September, 1933....		not available
August, 1933.....	114	36,900,000
September, 1932....	108	33,980,000

# Defrosting Frozen Bank Deposits

By JOSEPH STAGG LAWRENCE

Editor, THE ECONOSTAT

**T**HE SORRY RECORD of post-war American banking, climaxed by the suspension of all bank activities during the greater part of March, has brought the average citizen into such intimate contact with the term "frozen bank deposits" that it scarcely requires definition. A frozen bank deposit is simply one which cannot be withdrawn. Reflection raises some difficulties. Very few banks are ever in a position to pay all their depositors at once. Many banks fully solvent have been forced to close their doors because too many depositors appeared at the same time demanding cash. Few banks at the time of failure are without the necessary liquid resources to meet the demands of a fraction of their depositors. This being the case, when is a deposit frozen? A deposit is frozen when the option of payment is taken out of the hands of the depositor and placed in that of the bank, its conservator or receiver. The bank laden with such deposits may be fully solvent. It has merely loaned or invested its funds in such a fashion that it is unable to realize them rapidly enough to meet demands.

Bank deposits freeze for a number of reasons, all of them profusely illustrated during the last thirteen years. Some of these are attributable to the bankers, some to the banking system, and others to the depositors themselves. The banker is at fault when he keeps an insufficient proportion of his assets in a form which permits speedy liquidation if and when his deposits start to drain away. In addition to the reserves which state and federal banking laws compel the banks to maintain, most bankers have developed a further line of liquid defenses called secondary reserves. These consist of high-grade bonds which may be sold easily and quickly and which are not subject to extreme fluctuations.

The size of this secondary reserve is discretionary with the banker. The great difficulty is that he must sacrifice income in order to hold these highly necessary safeguards. A Treasury Certificate due in ninety days is ideal for the secondary reserve portfolio—ideal in that it is almost the equivalent to cash. Unfortunately the yield is little better. The last lot sold by the Treasury was accepted at

0.11 per cent, hardly more than one-tenth of 1 per cent per year. It means that the banker must accept \$1.10 for lending the Government \$1000 for one year. This may be called the H. C. L. of banking—the High Cost of Liquidity. Consequently the banker is torn between two needs: that for the revenue with which to meet the costs of banking and that for liquidity with which to meet unexpected deposit drains. If he compromises the former the stockholders growl. If he neglects the latter the day may arrive when the bank becomes a cold storage for deposits.

A word must be said about the nature of this frigidity. Approximately one-third of the average bank's loans are made to individuals and corporations without specific security. They may be used to finance the conversion of cotton cloth, to carry inventory, or to underwrite a merchandising campaign. Another 10 per cent are called real-estate loans, which means that some form of real estate is offered as security. The proceeds of such loans may or may not be used for construction or for carrying property. Another 20 per cent are secured by stocks and bonds. This does not mean that the borrowers are sitting in board rooms watching animated symbols flick by on ground glass. It is merely a convenient way of borrowing. Roughly about three dollars out of every five, among the earning assets of our banks, consist of loans. The remaining two represent investments of more or less liquid character which can be used when necessary to meet depositor demands.

When a bank lends a client money it is not always in a position to assure itself repayment when the loan comes due. For any one of a number of legitimate reasons the borrower may demand renewal and the bank will find it expedient to grant an extension. In some cases the bank has no choice. It must indulge the borrower or take over his business. Obviously in a period of adversity the proportion of such cases increases. In the end some of these loans must be charged off as losses. In others patience will enable the borrower to preserve his business and clean up his line. It is the inability of borrowers to repay, and the misfortune or poor judgment of the bank in having



By Carlisle, in the Des Moines Register

A LOT OF GOOD THAT DID

Through the Reconstruction Finance Corporation, in loans and the purchase of preferred stock, the Government pours money into banks.



too many such borrowers, which freezes bank deposits.

The Government, and this applies particularly to state government, is partly to blame for permitting too many banks—particularly banks with incompetent management and inadequate capital—to be chartered. The public is to blame in expecting too much of our banks. The latter do not take the funds of the depositor for direct safekeeping in their vaults. The depositor expects a check book, his funds are collected and paid, his accounts kept, and until the passage of the Banking Act of 1933 he received interest on his checking account provided it was kept above a modest minimum. In addition he expected to be able to withdraw his funds at any time. This applied not only to checking deposits but to savings deposits, insurance policies, and building-and-loan association investments. The depositor tried to eat his cake and have it at the same time.

**W**HATEVER the cause, the depositor suddenly found in March that his right of demand was suspended. For a period of twelve days all deposits were frozen. Then, after careful examination by the federal and some of the state governments, banks that appeared able to meet their liabilities were granted licenses to open. By the middle of May, 5500 (round numbers) Federal Reserve Member Banks out of a total of 6700 and 8000 out of a total of 10,000 non-member banks, had again opened their doors and were doing business on an unrestricted though extremely cautious basis. During the next three and a half months approximately 400 additional member and non-member banks were licensed to open.

This left the casualties of the holiday at 2600 institutions, not counting mutual savings banks and building-and-loan associations. The deposits at the latest available call date, in these banks, totalled 1900 million dollars. The Federal Reserve Board, analyzing the size and distribution of deposits in member banks, found that 96.5 per cent of the accounts were less than \$2500, and the average was \$770. Since the open banks on which this study was based included all the big city banks, it is probably safe to assume that the average frozen bank account does not exceed \$500 and that the total number of depositors with accounts that can not be used is approximately 380,000.

These depositors are not evenly distributed throughout the United States. Many communities have had all their banking facilities wiped out by the holiday, and for thousands of depositors their accounts represented a strategically vital part of their possessions. Superficially, at least, their banks were closed by an executive order of the President. Hence it may very well seem that the Government is responsible for their embarrassment, a belief which many of the affected bankers share and disseminate among their clients. Three hundred and eighty thousand depositors constitute a powerful political force which the Government is compelled to respect. It is for this reason that its various financial agencies have in recent weeks used the press and the radio to minimize the magnitude and effect of these frozen deposits, as well as to explain the efforts of the Government in expediting liquidation.

Uncle Sam in this matter has been goaded on by a powerful group of business men calling themselves the Committee for the Nation, which has been urging active inflation as a part of the Government's recovery program. As an argument in favor of inflation, this group

prepared an estimate purporting to show that seven and a half billions of bank deposits in the United States were frozen. Inflation, it was said, would release this captive hoard of buying power.

The estimate was immediately questioned by scores of bankers and students. The Government, though normally disdaining to enter a controversy with a private group, took notice. During the course of the next two weeks the Federal Reserve Board, the Treasury, and the Comptroller of the Currency came forth with figures showing deposits in closed or unlicensed banks, none of them even remotely approaching the figure of the Committee for the Nation.

The Committee, recognizing itself at once as the object of the Government's statistical barrage, unleashed further astronomical estimates which tended to prove that the initial estimate of seven and a half billion was conservative. The deposits in all banks closed since the war were added to the deposits in unlicensed banks, and the partially restricted deposits of all mutual savings banks, and building and loan associations, reaching the enormous total of \$11,298,000,000.

What are the facts, and what can we do about them? The Treasury Department in its special press releases stated that deposits in all banks closed after the moratorium totalled \$1,765,000,000. Between June 30, 1921, and January 1, 1933, 10,436 banks failed, with deposits of \$4,888,000,000. During that period 1346 banks, with deposits of \$704,000,000, again opened their doors. At least 50 per cent of the deposits of suspended banks are recovered (the average for national banks is much higher). Based on these facts, frozen deposits today at the outside can hardly exceed \$3,500,000,000 and are certainly less than \$4,000,000,000. This is bad enough. What can we do about it?

**T**HE GOVERNMENT's efforts have resulted in the reopening of more than a hundred banks a month since the bank holiday. These early rescues are the easiest, since they involve banks whose assets fall a little short of the strength necessary to resume business. The procedure is to persuade stockholders to subscribe additional necessary capital. Where this is not successful the depositors are asked to suspend or "defer" a part of their claims, sometimes receiving participation certificates to be served out of the proceeds, if any, to be realized from the liquidation of doubtful assets. In more than a hundred cases the Reconstruction Finance Corporation has bought preferred stock which has enabled the bank to resume business. When such reorganizations are not possible the depositor must await the liquidation of the bank's assets. This is a slow business. The minimum period required to wind up the affairs of a closed national bank has been six months and the average is five and a half years.

It is for this reason that more potent solvents for refractory bank assets are being urged upon Uncle Sam. The *Cleveland News* in a leading editorial asked the federal Government to issue enough paper currency to buy all the assets of the unlicensed banks, pay off the depositors, dispose of the securities and real estate, and collect their loans over a period of years. As these payments come in they may be employed to retire the currency originally issued to pay off the depositors. The pressure upon the Government is great and growing. Depositors feel that their claims are as meritorious, equitably and economically, (Continued on page 53)



# A Glimpse of Holland—1933

By  
ROGER SHAW

THIS IS WRITTEN from an oasis of comparative peace in the troublous year of grace 1933. While the European great powers—with the possible exception of Great Britain—and the post-war states of *Mitteleuropa* are engaged in all the petty bickerings and dirty digs of an E. Phillips Oppenheim novel, Her Majesty's Netherlands plods its way calmly. Here is comfort, cleanliness, mental objectivity, malice toward none—save a mild contempt that is often shown for Belgium.

Nijmegen, Catholic Dutch, lies three miles from the German frontier. Here are the remains of a fortress of Karel de Groote, or Charlemagne, whose Franks turned into the Flemish and the Dutch, although France received their Teutonic name and much of their sturdy nordic blood. Nijmegen is very Gothic, very peaceful, very orderly. One cycles from its precincts to the German frontier. The Dutch frontier guards wave you on with a cheery boredom, while they recline on a bench and whiff cigarettes. Then comes the German ordeal. You dismount, present yourself, are somewhat grudgingly let through to ride for a few minutes. These German frontier guards, in their green uniforms, wear the iron cross—symbolic of Hitler's choice of war veterans for public posts. They are strict and conscientious, as wardens of the New Reich.

Across the German line is a little bathing resort, with an enormous red flag on a high pole. Moscow? No, Hitler. For it is this red that wrecked the Reds in Germany. In the center of the banner is set the dread black swastika cross, symbol of unflagging energy and of unflagging Hitlerism. It is significant that the road signs are all in black-white-red, the colors of Hitler and of the old empire. The republican black-red-yellow has totally disappeared. The local Germans differ little in talk or appearance from their Dutch neighbors. Nearby is the cathedral town of Cleve, once an independent prince-bishopric. German beer does not differ from Netherlandish.

The Hague [i.e. Gravenhage] means the Count's Hedge. It is a city of bicycles, of easy-going officials and retired business men, and of exiled German Jews. Holland, incidentally, has eight million population and three million registered "wheels." Automobiles are scarce, but one sees dignified business men in derby hats astride roaring motorcycles. Soldiers in a sort of field-green are everywhere, but they have an apologetic



Photograph by W. E. Larned

THIS is a Dutch hay market. The numerous tripods support scales for weighing the hay which has been brought to the market on the canal barges of which only the masts are visible in the picture above.

look which reminds one of our own American men-of-war. It is a sign that Mars has taken a back seat.

English, French, and German influences may be observed in the Dutch civilization. The outdoor sidewalk cafés are French, as are the hotels and their terminology. After all, Holland was an important part of the Napoleonic empire, and many of the famous Old Guard were Dutch. The Dutchmen themselves seem to prefer England to all foreign nations, and the fashionables seek to follow English ways (just as they do in the United States). There is much intermarriage with Germany, especially among the aristocracy, and the Holland Jonkheers have something in common with their fellow Junkers of next-door Prussia. But whereas in Prussia the Junkers have led traditionally, with the businessmen in second place, in Holland the businessman has ever been supreme while the landed Jonkheers have sulked on their country estates. Capitalism originated in these parts, with ships and trade and usury, and since the Reformation it has been a respectable middle-class paradise, devoted to the pursuit of the almighty guilder.

Many a child learns French, German, and English in its schooling: but the writer finds that German is the most universally understood. The Dutch language, of course, stands directly midway between English and German. The middle-class citizens look American, tortoise-shell glasses and all, and on several occasions your scribe has accosted fellow Americans (seemingly) who turned out to be 100 per cent Dutch! The women and girls are wholesome enough to encourage Mistress Grundy herself, yet withal they have a stolid, self-reliant charm.

A visit to The Hague's leading *kinema* reveals American pictures which talk American, Dutch translations being briefly printed across the bottom of each scene. This proves most distracting to the eyes, for how can

one sit in admiration of Marlene Dietrich and study Dutch philology simultaneously? American movies are very popular hereabouts, but America and the Americans are surprisingly little known. The Dutch, when they speak English, speak *English* English instead of the American variety.

The Queen (a sturdy latter-day Victoria) and her Prince Consort (an equally latter-day Albert) are very popular, save with the Socialists and Communists. The Socialists favor a coöperative commonwealth *à la* Norman Thomas; while the Communists desire a Soviet Netherlands in tune with the Third International. After all, Holland was republican until the last century. Royalty seems amiss here, where aristocracy is weak and trade is strong. Business plutocracies have ever been republican, from Carthage down to Wall Street. But when Her Majesty appears in a news reel, the house echoes with cheers that belie the native phlegm.

**H**OLLAND remembers her great colonial empire, and East Indian types are to be seen in considerable numbers in the Dutch cities. Inter-marriage with Javanese or Sumatrans is quite respectable, and relations between the East and West are apparently of the best. Hollanders, when speaking of colonial matters, point with horror to Belgian treatment of the Congo. East Indians sit in the Dutch parliament, and enjoy an increasing measure of home-rule. Holland's glorious seventeenth-century past, Manhattan to Capetown, and her maritime supremacy, are not in the least forgotten here.

On Sundays everyone takes to the waterways, in craft of any description imaginable. Starting at Warmond, one cruises along the Kaag—lakes connected by marshy canals. Cruisers, yachts, sailboats, swimmers, idlers in the sun, picnickers, all are here in abundance. Strong girls manipulate their boats with all the confidence of veteran seadogs. Everyone waves cheerily to everyone else. Here and there go hard-pulling oarsmen in racing shells. I saw a couple of visiting British craft, who somehow braved the Channel to reach these inland waterways. "Fellow watermen, good sportsmen," remarks our anglophile host, a famous international boat-racer and a leading doctor of The Hague. "When we fought them it was generally fifty-fifty. We trust them. Not so with the French and Germans." He continued that in the World War the Dutch government was pro-German, the people pro-English. High society, of course, was as *Jonkheer* to *Junker*.

On this day of water sport, incidentally, we saw what appears to be the only pair of wooden shoes in Holland. They were worn by a waterman, and were carefully painted to resemble tan oxford brogues, with painted black laces! We liked them exceedingly.

Nobody in Holland seems to be quite sure whether the capital is at Amsterdam or in The Hague. The writer has given up the controversy as hopeless . . . and so apparently has the native populace, who prefer cycling to abstruse speculation. Both cities possess royal palaces and government buildings; but the atmosphere of Amsterdam is New York, and that of The Hague is Washington, D. C. Scheveningen, seaside resort of The Hague, is Atlantic City. Here one sees dignified elderly matrons—wading with great solemnity. (The wolf pen in The Hague zoo contains dummies. life-size, of Little Red Riding Hood and her lupine grandmother.)

World-famous doctors have quiet little offices on the second floors of their own homes. *De Courant*, great Hague newspaper, occupies a magnificent modernistic building of red brick—more imposing indeed than that of our *New York Times*. Here an American journalist is welcomed by his Holland confrères. Hitler is unpopular hereabouts, and all uniformed organizations of unofficial standing are forbidden for fear that Fascism may appear amongst the dykes and windmills. Twice learned gentlemen have asked the writer, with school-boy interest, of Indian life in America. They can indeed scarce believe that most Americans have never seen a wily redskin. Another romance blasted.

But there is romance in Holland. Parliament opens on September 19, and the Queen arrives in a gilded coach and six. Footmen, generals, hussars, marines, flunkies are everywhere, and The Hague populace cheer and sing to greet Her Majesty, her consort and the crown princess. Members of the House of Lords wear court uniforms, and the diplomatic corps shine redundantly. Your correspondent occupies a perch on a news-reel van close to the royal presence. His press card and his American ingenuousness work wonders in securing a choice location. The trappings, tricornered and bewigged coachmen, the multi-colored costumes, remind one of Louis Fourteenth instead of bourgeois democracy. Everywhere are orange badges, pins, and cockades, on man and beast. The royal anthem is played, instead of two American atrocities called "Lazy Bones" and "Stormy Weather" which have swept the Netherlands. There are no monocles visible, but in other respects the decorated lordlings remind one of English peers on parade. Somehow there is nothing inherently Dutch about this parliamentary opening, save for blond, cheek-boned marines who stand guard stolidly.

"We have had a glorious past," remarked a native. "We have a comfortable present. Our future is tolerably secure. If you think we are unprogressive, try our new automat. There's New York for you." The automat was elementary, cleanly, cute, and modernistic. Its choice of dishes was strictly limited, its atmosphere resembling nothing elsewhere. One buys slugs to put in the slots, and even vermouth is on tap. All of its denizens are friendly, helpful, and totally lacking in understanding. Holland being watery and buttery *ipso facto*, these two commodities (water and butter) are totally lacking at mealtime save on repeated demand. Richard Tauber, German singer in the part of Franz Schubert, is at present the national hero who receives an acclaim which Her Majesty might well envy. He is encored ten times after one scene.

So this is Holland—1933. The ultra-new architecturally is blended with the medieval, in perfect harmony. It is to be hoped, however, that Holland stays Dutch. English and French influence need not put to shame the local *Kultur*, which at its best is quite inimitable. Americanization, which Europe so dreads, means merely adoption of machine methods and escape from meaningless formalities. Holland and America have much in common, and something to learn from each other.

If the Hollanders consider Uncle Sam as a sort of colonial planter, *à la* Swiss Family Robinson, they have a marked weakness for the venturesome life which they suppose we tropical outcasts of North America must lead. And the City of New York, be it remembered, is still in a literal sense under the old flag of the Zuider Zee.



# France Again at the Crossroads

By MAURICE LEON

**BUSINESS at a low ebb; public revenue declining; the gold standard on her shoulders alone; a Government not very secure — will such conditions bring a New Deal for France?**

**E**VERY FOUR YEARS coincidentally with our presidential elections, but in the spring instead of the fall, the French people choose their directly elected representatives in the law-making body: the deputies. According to the outcome it is determined, at least theoretically, what the Government is to be, that is, by what group or groups it is to be dominated for the quadrennial period.

Under their Third Republic, the French masses have shown a strong disposition to rely upon the Left parties to rule. The Radical Socialists backed by the support of the Socialists won in 1924, lost in 1928, and won again in 1932. But if history repeats itself their tenure will not continue very long. As Parliament convened in the middle of last month it was found to be rather shaky, and no wonder.

Herriot had triumphed in 1924 (and again in 1932) as the leader of the Left parties. By 1926 he was out of office. The weakness of the franc then, expressing the sum of all the economic blunders of his combination, so stirred public opinion that the very chamber whose majority had been elected under his leadership turned practically as one man toward Poincaré, whom Herriot had defeated in 1924, as the very rock of French character, the indispensable guide out of the morass in which the French ship of state was sinking in consequence of the series of breakdowns due to the misgovernment of the Left. And Poincaré, with rare magnanimity, took Herriot into his cabinet—saved him politically.

In the spring of 1932, Herriot and his henchmen capitalized heavily the effects in France of a world depression, as though it were due to the shortcomings of Tardieu and his adherents—Flandin, Laval, Paul Reynaud—all members of the Poincaré cabinet's successor which held sway from 1928 to 1932. Of course, if Tardieu and his colleagues had been supermen they might have stopped the depression in time to get re-elected; or if they had been lucky they might have been in a position in May, 1932, to claim the credit for a like achievement by Hoover and MacDonald. But being neither supermen nor lucky they were beaten. They may be deemed lucky now, however, in a political sense, in that they can point to Herriot and Daladier (who became Premier in February last, following the downfall of Herriot) as the culprits for all that has happened since the change of power consequent on the May, 1932, elections. And that all has been bad indeed.

In their relations with London and Washington, the Herriot and Daladier cabinets have not been any more successful than the cabinets of their adversaries prior to June, 1932. At Lausanne, in July, 1932, the French Government became committed to a policy which suited London and was approved by the Republican administration then in office at Washington, but which did not prevent the subsequent Hitler domination in Germany and has not been found to harmonize with the purposes of our present administration in the monetary and economic field.

The supreme skill with which, prior to March 15, our Pennsylvania Dutchman and Britain's Scot between them kept concealed, under the blossoms of good-will expressions, the viper which was stinging to death world trade, was not without its deadly effects on the luxury and travel trade of France. And so while America and Britain lavished efforts on the rescue of Germany during the spring and summer of 1931, and pointed an accusing finger at Laval for his failure swiftly to fall in with their scheme of diverting German liquid resources from reparations (52 per cent French) to private indebtedness (two-thirds American and one-fourth British), a world situation already bad from speculative orgies following upon the immense destructions and desolations of a world war was fast getting worse.

Suddenly the pressure of the world situation, which had caused a whole series of flights of capital, was seen to weigh most heavily on the pound sterling. When the pound went off gold, on September 25, 1931, the whole of mankind shuddered, and rightly. The only international money known to it had become a mere commodity—not as in war time, when gold embargoes are expected and trade is controlled by the governments for war needs, but in the midst of peace.

**T**HE FIRST CONSEQUENCE for France of the sterling crisis in Great Britain, two years ago, was a loss of one hundred million dollars at par on sterling credits held by the Bank of France. Next came slowly but with ever-increasing deadliness the contraction of Franco-British trade. But this was part of a world process. Not only sterling but virtually all the currencies of the world except the French, Swiss, and Belgian francs and the guilder are now fluctuating commodities in a disorganized, dislocated scheme of exchange. Like a great sea whose phenomenal tide leaves bewildered islanders stranded higher and higher on their rock, the steady withdrawal of world trade has proceeded, leaving the peoples of the gold bloc so high and dry that access to the sea routes of foreign trade is cut off. Today France alone can be said to be on a functioning gold standard, but at what cost!

French comment makes it plain that a gold embargo for themselves has been dreaded by the French people as tantamount to a decision (*Continued on page 59*)



# A New Era in Steel

By FRED HAMLIN

**T**HE STEEL industry has entered a new era, ushered in by seemingly unrelated events in far separated parts of the globe. An unidentified youngster in the Mid-West discovers a new word in his dictionary; shipbuilders in London drop a precious cargo into the barnacle-infested waters off Southland pier; astronomers design and duplicate a star-filled night sky; a Milwaukee brewer draws a sketch on a scrap of brown paper—and a new era makes its bow. Fostered by the ingenuity of persons of all ages and in all walks of life, today this new factor in the steel industry is being greeted by everyone from the cop on his beat to sailor boys, housewives, steel leaders—even artists—as another important link in the chain of circumstances that are being welded together into a permanent business recovery.

This new era may be symbolized by the word the Middle Western youngster found in his dictionary. It was "zephyr," which in one definition is synonymous with the west wind. Like a fresh west wind this new deal within a new deal is blowing the cobwebs of business stagnation from at least one branch of the steel industry and is refreshing hundreds of other commercial activities from one end of the country to the other. The era of stainless steel is coming into its own.

How stainless, prince of the alloys, has gained its present leadership and in what myriad ways the shining, rustless metal is being applied in America today is a story of the conquest of science for which it would be hard to find a romantic parallel short of the accounts of pioneering adventures in early America's conquest of the soil.

There is even romance in the small boy's exploration of his dictionary. Nobody knows the youngster's name—although executives of the Chicago, Burlington and Quincy railroad are extending every effort to find him. Today it is known only that he went to Chicago's Century of Progress and there learned about the Burlington's new stainless steel train, streamlined and geared for two-mile-a-minute speeds. He scrawled a note to the railroad.

"Why not," he asked, "give this last word in a train the name almost the last word in my dictionary. Zephyr is a good word for you. I'm here with my folks at the fair and I'm sorry I can't ride back home in the Zephyr."

So Zephyr the name is to be; and if the railroad



Photograph by Gilchrist

STAINLESS STEEL stays polished. No wonder American housewives are welcoming it into their kitchens. Above is pictured an array of Enduro utensils. It is also used in kitchen sinks, stoves, cutlery, table tops, and hardware fittings.

officials can find the boy who wrote the letter, they are going to thrill him with a ride when the train makes its first trip this fall.

The thrill is one that might be compared with a thrill experienced in England nearly twenty years ago by a metallurgist searching for an alloy, to be used in naval guns, that would resist the erosive effects of sustained rapid fire. He was not wholly successful in his mission, but his name—Harry Brearley—will go down in history as that of the man who first noted the resistance of high chromium alloys to atmospheric and salt air corrosion. More than a decade of experimenting by scientists here and abroad following Brearley's observations have resulted in the stainless steel being used today, made up of high percentages of chromium and nickel in a combination that resists rust of any kind indefinitely and will neither tarnish nor corrode.

But it was not until 1930 that stainless emerged completely from the laboratory to become a growing industrial factor in steel production. In that year Ford put the metal on the radiators and lamps of his

SHINING, rustless steel made possible this gleaming tower of the Chrysler Building in New York City. Stainless steel was also used for trim on the famous Empire State Building, and enters largely into plans of architects today.

Photograph by Margaret Bourke-White

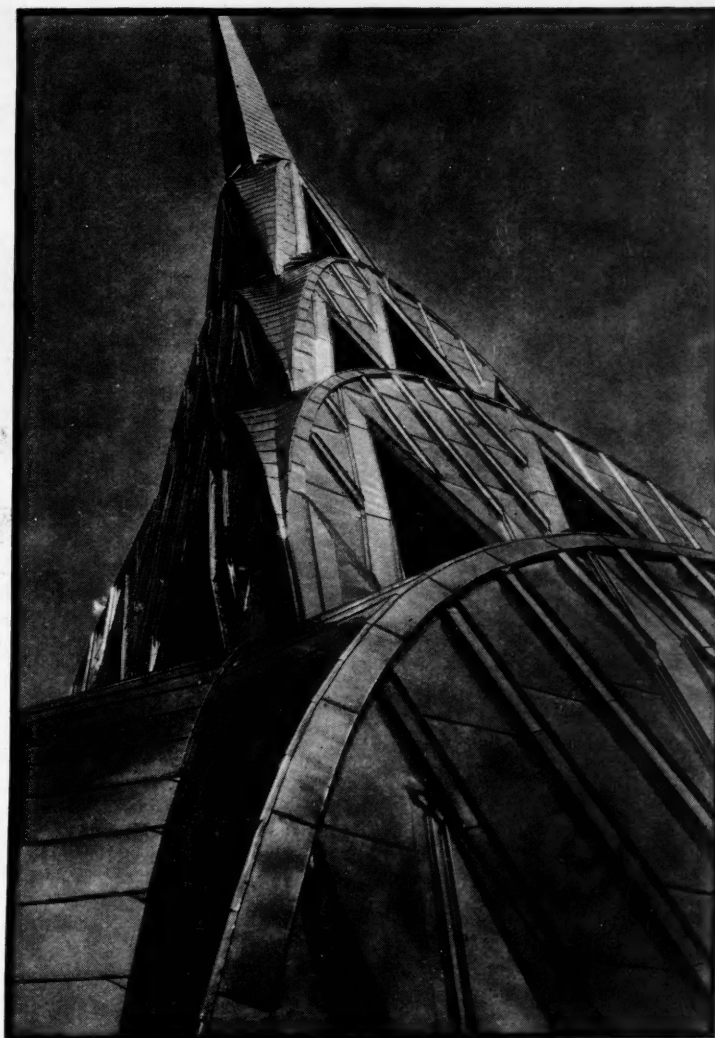
first Model A. This, plus the discovery by other industries of the peculiar qualities of the metal, resulted in the rise to its first peak of production.

Stainless steel, it was found, differs from other alloys in that it has an extremely high alloy content, keeps a bright polish, strongly resists rust and chemicals, is therefore extremely long-lived and will withstand high temperatures without losing its strength. The average alloy contains products other than iron and carbon in fractions up to 1.5 or 2 per cent. Alloy contents in gear steels, considered extremely high, make up only some 3.5 per cent of the total. By contrast, stainless in one of its most generally used forms contains 18 per cent chromium and 8 per cent nickel.

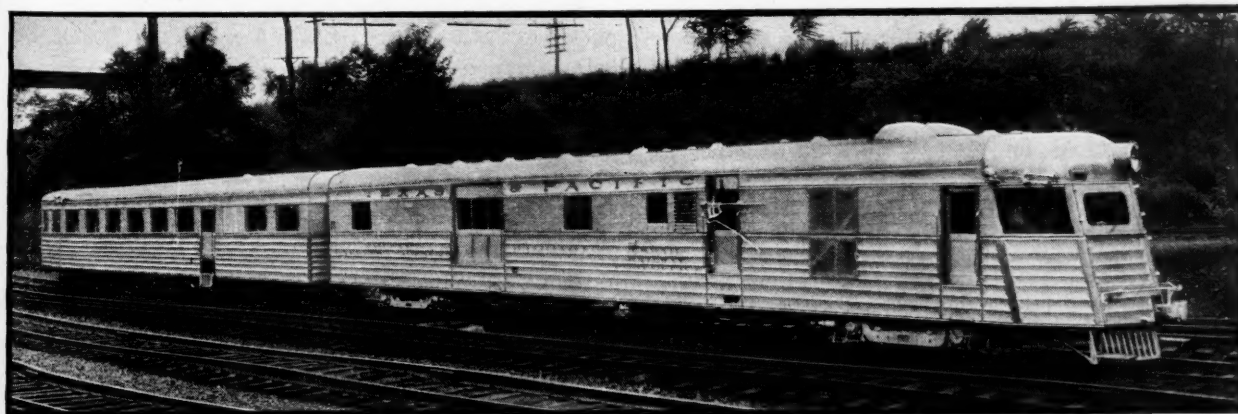
After it became established with automobile manufacturers, its uses spread. It was applied most successfully in all kinds of food industries, where sanitation is required, and—to go to the other extreme—in the cracking of crude oils to break them down into gasoline and commercial oils.

Its use by the food groups was based on the fact that stainless is far more durable than glass or tin, the only other two products which have proved effective in the field, and, like both the others, does not contaminate the food with which it comes into contact. As a result, it is used almost universally today by milk wholesalers and is being used increasingly by meat packers and all others whose food and equipment must pass government inspection.

Stainless steel used in the cracking coils for reducing crude petroleum has proved just as effectual and brings out another quality of the metal—its ability to survive extreme heat and huge pressure without deterioration or loss of strength. Metallurgists at Republic Steel



Corporation's Massillon laboratories, the largest in the world for experimentation with stainless, report that the alloy resists heat up to 1850 degrees Fahrenheit—more than twice the heat that average steel can successfully survive. Formerly, with other alloys developed for cracking coils, the life of a cracking outfit was estimated at from four to eleven weeks. "Sour" crudes from the Mid-continent fields ate into the metal and the high temperatures and pressures wore it out rapid-



THIS two-car high-speed train of stainless steel construction was built by the Edward G. Budd Mfg. Co., for the Texas & Pacific Railway. The wheels carry pneumatic tires. Somewhat similar cars have been built for the Pennsylvania, and for the Philadelphia & Reading lines. U. S. S. Stainless Steel was utilized in their construction.





AN all-steel house at Chicago's Century of Progress, erected to demonstrate the economies of prefabricated units. The exterior is enameled steel fastened to a framework of "Stransteel" uprights and girders.

ly. Today, after four years, coils of stainless are still functioning effectively and have been found serviceable even at the higher heats and pressures used in the hydrogenation cracking process, a new development in the oil industry not yet commercially feasible, whereby more than 104 barrels of finished gasoline can be cracked from only 100 barrels of crude. Until recently, these applications of the alloy were the only ones proving successful commercially. Outside of the stainless steel used within the last three years for trim on such buildings as the Empire State and Chrysler, it was not dramatically applied until recently where the man on the street and his wife could see and use it. In these applications, however, the real romances of the shining alloy are found.

Only yesterday one of these stories wheeled into the spotlight when certain British shipbuilders dropped large sheets of stainless steel, valued at thousands of dollars, into the barnacle-infested waters off Southland pier. The test, though expensive, will be worth what it will cost, since it is expected to mark the last step in a drive with stainless steel against the ravages of the sea. The metal, experts believe, will get the best of barnacles as it has already proved a champion in man's age-long war against salt corrosion.

The British are not in the lead in this application of the alloy. After a series of exhaustive tests, the United States Navy today is using the metal in hundreds of applications. Bluejackets are particularly cheered by the innovations with stainless in ships, because among other installations will be those of stainless steel pots, pans, knives, forks and spoons aboard some of the ships now under construction, something that will save sailors hours of hard labor polishing kitchen ware and mess gear. Bluejacket labor will also be saved by using stainless steel for the piping of salt water, for ice boxes and gasoline tanks, for trim, and for flooring, replacing the much heavier surfacing that is commonly used in engine rooms.

The metal is already to be found on some of our ships, such as the *Pensacola*, a cruiser recently put into service, and it is being applied extensively on the *New Orleans*, to be commissioned in December, and on the submarine *Cuttlefish*, also scheduled to go into service before the end of the year. More than a dozen other cruisers and destroyers, and the airplane carrier *Ranger*, will carry tons of the alloy for various purposes, officials inform us. The galley stove on the Navy's new dirigible, *Macon*, incidentally, is made entirely of

a well-known trade-marked brand of stainless steel.

One example is enough to illustrate how the steel resists salt corrosion and indicate why it has been adopted so widely by naval construction engineers. Installed

outside on a ship which made a passage of 100 days recently between England and Australia, the metal was not once cleaned during the entire voyage. At the end of the trip the captain reported:

"In every case the whole of the discoloration was removed by rubbing and no corrosive damage was done to the metal. If it had been periodically wiped during the trip, the surface effects would not have occurred."

The popularity of stainless steel for kitchenware with the Navy may be lost in the rising crescendo of landlubber approval. The American housewife is taking it into the home. Stainless steel kitchen sinks and stoves, cooking utensils and other domestic equipment have been introduced by fabricators. Under their guidance, stainless use has spread from the kitchen into the parlor designed as coasters, modernistic furniture, ash trays, plaques, flower pots, wall decorations, etched panels, cocktail shakers, cigarette cases, bracelets, tie pins and cuff links. Even watches are being made of the new alloy.

And now architects and builders are laying plans for making entire houses of stainless steel. Models have been on display at the Chicago Century of Progress and designs call for small structures which can be built at less expense than dwellings of similar size erected of other materials today.

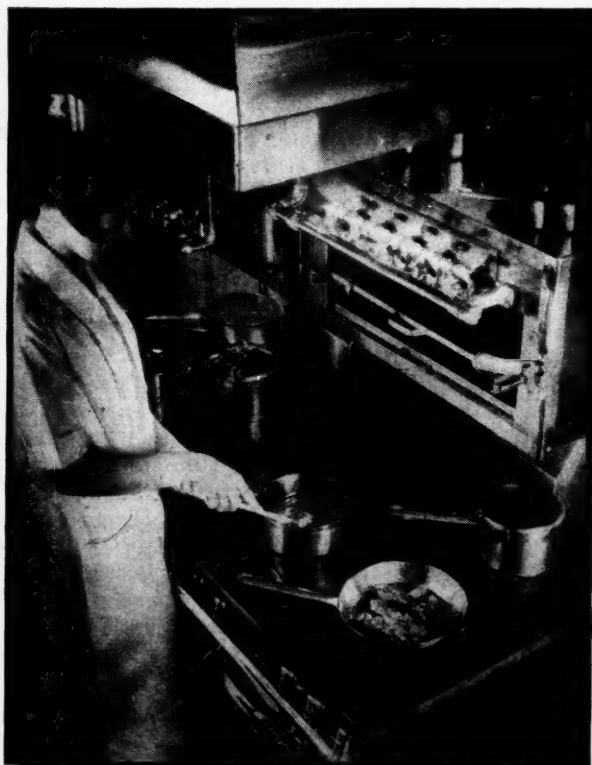
**E**QUALLY NEW is the use of stainless steel in the beer industry. Fabricated into trucks, it is also fully established abroad for use in cooling coils and other applications in breweries. Lack of funds for new equipment is the only obstacle to similar applications in this country—an obstacle that is rapidly being eliminated. A rough sketch made on a piece of brown paper with a yellow pencil stub by Fred Gettelman, a Milwaukee brewer, last winter marked the beginning of what Milwaukee hails as a new national industry—the making of metal beer barrels. Gettelman's sketch was for the first barrel, which he has patented; mass production is now under way and stainless is being used in many of the units.

Wherever dress, durability, resistance to erosion and strength are essential, stainless steel is successfully applied. Officials of Republic Steel Corporation list hundreds of uses, from false teeth to portraits etched in stainless, and from coffins to decorated murals. Stainless products include such a wide variety of things as airplane equipment, stovepipes, lamp posts, hotel kitchen equipment, safe deposit vaults, beer and milk

trucks, air conditioning and ventilation systems, refrigerators, meat packing equipment, hub caps, automobile radiator shells and hinges, fans, furnaces, traffic markers, chemical laboratory paraphernalia of all kinds—stainless is a strong resister of chemical erosion—washing machines and all kinds of hospital equipment, from operating tables to complete kitchen installations. Even policemen have been introduced to the alloy in some cities, where it has been fabricated into buttons for their uniforms. The imitation sky in the Fels planetarium, Philadelphia, is entirely of stainless steel, highly polished so that it will reflect spots of light thrown from the floor in such a way that they look like stars when reflected from the steel.

**T**HAT THIS NEW KING of alloys is proving to be a boon in the steel industry's present march away from the era of bad times is plainly revealed in production figures, which indicate that while the industry as a whole has increased production only some 60 per cent, stainless is more than 200 per cent ahead of its production figures for the same period last year. It is also worth noting, steel men believe, that the 1932 low registered by stainless was only 55 per cent below its 1930 peak, as contrasted with the 76 per cent spread between the entire industry's high and low. Stainless, too, had one less year of bad times. This, coupled with the increases in stainless production when the tide turned, forms the base for belief among steel leaders that the product is going to be one of the key factors in establishing steel on a permanently prosperous foundation.

What new applications will be developed is something for the future to reveal. But it is already estab-



Photograph by Margaret Bourke-White

STEEL, under severe competition in recent years from enameled and aluminum ware, is staging a surprising comeback in American kitchens with the new stainless alloy.



Photograph by Margaret Bourke-White

**MODERNISM** calls for new materials. This restaurant exterior utilized the new stainless steel alloy. Its possible use throughout the interior in tables, chairs, counters, shelves, stoves, sinks, refrigerators, and kitchen ware, shows its importance as a maker of new business for the steel industry.

lished that steel men are counting on the metal to do big things. In the words of Frank A. Sisco, who with a group of other investigators completed three years of research for the iron alloys committee of the Engineering Foundation, New York:

"The future of the steel industry lies in a turn to quality production rather than the quantity production of the past, and tremendous improvements and extensions in the manufacture and use of high quality alloy steels should be forthcoming within the next few years.

"The manner in which the big steel companies are coöperating with us in our program of iron alloy research and the interest which they are showing in our work, indicate that the leaders of the industry are alive to the situation and are preparing to meet the problems of readjustment which are coming."

It is significant that this statement was made last fall, before steel showed any signs of improvement and when the industry as a whole was in one of the greatest slumps of its history.

Today much that the investigators prophesied has been realized. Led by stainless, and nursed along by far-sighted industrialists throughout steel's American empire, the mills seem destined to go high-hat as far as the metals they turn out are concerned, with unlimited benefits accruing to the industry and the general public as a result. It is indeed a new era in steel.





Statistical Laboratory of the School of Commerce, Accounts, and Finance, New York University.

# Education for Business

By CHARLES F. THWING

President Emeritus of Western Reserve University and Adelbert College

**A**ERICAN EDUCATION is laying a stronger emphasis upon education for business. The emphasis is not limited to the United States. It belongs to England and essentially to every advancing nation. In the last century colleges and universities stressed education for the church, and for the professions of law, medicine, and teaching. That was an era when a large majority of students chose to enter one of those fields after graduation. Today a business career holds the strongest appeal for the college man. One-half of the graduates of the last commencement aim to become manufacturers, merchants, and bankers.

The historic Phillips Academy of Andover has recently eliminated Latin as a required study. This elimination points directly to what is called a more practical education. In England today the speeches of the headmaster of Eton, of Harrow, of Uppingham, and of other "public schools" bear chief reference to the change. The principals of American academies and the presidents of American colleges are likewise emphasizing preparation for commercial life. The movement runs deep and it is as broad as education itself.

The causes of the new movement are not hard to find. On the whole they are summed up in the word *economic*. The United States has become a force for the making and for the distribution of material utilities. England, too, without ceasing to be a political state, has become more an industrial commonwealth. It has come to be largely concerned with the production, the distribution, and consumption of utilities. The world indeed is a world of utilitarian forces, capacities, results, relationships.

The higher education recognizes two methods for meeting the demand for a training for business. The first method is the establishment of a graduate professional school which becomes coördinate with the schools of law, medicine, and theology. Entrance to it follows the graduation of the student from the typical college. The professional or technical training succeeds and complements the liberal education.

The Harvard School of Business is the most notable

of this type of institution. Its course of study represents an education in large relations of business administration. It is concerned with principles and not details; with methods rather than with the application of these methods to special forms of industry; with the general relationships of different kinds of business to each other, with outlooks and adjustments rather than with routine. It has professorships bearing such titles as Public Utility Management, Transportation, Banking and Finance, Marketing, Accounting. These professorships deal to a degree in technique but more fundamentally with the principles underlying various forms of industry and commerce. Such is one of the unique, scholarly, and efficient ways of meeting the demand for education for business.

The second method emphasizes preparation for business in the undergraduate course itself. This method is the more customary and probably will so remain for many years. The graduate method is expensive in both time and money. Many boys feel they cannot afford to give two or more years additional to the undergraduate course.

**T**HE PROBLEM therefore emerges: What are the studies offered in the typical college which the average student should take in preparation for a business career and life? In answer to this primary question it is a commonplace to say that there are a number of subjects which have immediate value. I name, however, only four: psychology, economics, sociology, and a modern language, or modern languages.

Psychology has peculiar value, for it represents understanding of personality. The many and diverse elements of the individual, the principles which compose his make-up, the methods of dealing with him and of his dealing with the many, the difficulties and the aids in reaching general or specific conclusions, are simple and superficial intimations of the relations which constantly belong to the business man. The reference to the individual is only a token of the conditions which obtain in dealing with corpo- (Continued on page 60)

# The March of Events

September 16 to October 10

## The President Speaks

He addresses the Legion, a charities conference, and a labor gathering.

**P**RESIDENT ROOSEVELT in person lays before the American Legion convention at Chicago (October 2) two fundamental principles: (1) that "The Government has a responsibility for and toward those who suffered injury or contracted disease while serving in its defense"; and (2) that "no person because he wore a uniform must thereafter be placed in a special class of beneficiaries over and above all other citizens".

**ADDRESSING** the National Conference of Catholic Charities in New York City (October 4), the President warns that "no program of recovery can suddenly restore all our people to self-support" and that the "longer and harder" part of the way lies ahead.

**AT THE** unveiling of a memorial to Samuel Gompers in Washington (October 7), before an audience composed mostly of American Federation of Labor delegates, the President speaks for unselfish patriotism as in war time. "It is no time to seek special privilege, undue advantage, or personal gain."

## Labor in Convention

With membership at a high level under NRA, organized labor registers some beliefs.

**J**OBS for 2,800,000 since March is the extent of business recovery reported by the American Federation of Labor (September 27); but unemployed still number 11,000,000.

**THE** American Federation of Labor, in annual convention at Washington, declares through President William Green (October 2) its unflinching stand against inflation, its aim for a 6-hour day and 5-day week to hasten recovery, and its belief that the success of the National Recovery Act depends upon "the complete unionization of all the workers in every trade and in every calling in every city and town".

## Repeal

The parade of states continues, with the end in sight.

**I**DAHO and New Mexico choose Wet delegates (September 19) to state conventions that will act on the proposed amendment to the Constitution repealing the Eighteenth (prohibition) Amend-

ment. Idaho, balloting 5 to 4, records the closest contest to date with the exception of Tennessee.

**VIRGINIA** votes nearly 2 to 1 in favor of the Repeal Amendment (October 3), electing thirty Wet delegates-at-large to a state convention that will meet on October 25.

**FLORIDA** ratifies the Repeal Amendment (October 10), making the thirty-third state to vote against national prohibition. No state has voted to retain the Eighteenth Amendment. Six more will vote on November 7, with only three necessary for the final success of the Wet cause.

## Tammany at Bay

For the first time in twenty years the Tammany Tiger is worried about a city election.

**P**RI-MARY day in New York City (September 19) witnesses defeat for present leadership in both parties. The Tammany candidate for Comptroller is swamped by Frank J. Prial, Jr., for many years Deputy or Acting Comptroller, who had been passed over by his party chiefs. In the Republican balloting, Samuel Koenig, for twenty-two years county chairman, is unseated by Chase Mellen, Jr., 37-year-old banker, candidate of good-government forces.

**NEW YORK'S** anti-Tammany mayoralty campaign—with a Fusion ticket headed by former Congressman Fiorello LaGuardia—is complicated by the entrance of Joseph V. McKee (September 29), also in opposition to Tammany's nominee, John P. O'Brien. McKee was acting Mayor following Jimmy Walker's resignation last year, winning popular acclaim but earning only retirement at the hands of Tammany.

## Coal and Steel

Two major industries figure prominently in the month's news—codes, prices, strikes.

**T**HE bituminous coal code, prepared by the National Recovery Administration after operators and labor representatives had failed to agree, is signed by President Roosevelt (September 18). But first he strikes out a section attempting to interpret the controversial organized-labor provisions of Section 7a of the National Recovery Act.

**AN AFTERMATH** of the soft-coal code is an agreement reached (September 21) between bituminous coal operators in

the Appalachian field and the United Mine Workers of America—declared to be "the greatest in magnitude and importance ever negotiated in the history of collective bargaining in the United States". Three hundred and forty thousand coal miners in hitherto non-union fields are involved. The agreement establishes pay classifications and rates, hours of labor, and hundreds of details formerly matters of dispute; it prohibits employment of boys under seventeen.

**REFLECTING** increased costs under the code of fair practice, resulting from the National Recovery Act, leading steel companies advance prices (September 22) on bars by \$3 a ton, and plates and shapes by \$2 a ton. It is reported that labor costs alone have risen at the rate of \$100,000,000 annually.

**TO HELP** railroads purchase steel rails, and thus aid in restoring prosperity, President Roosevelt proposes to leading steel men at the White House (September 25) that the present price of \$40 a ton, due to be advanced under higher costs, should be reduced. The Government would then lend the money to railroads, from the public works fund.

**THE GOVERNMENT'S** railroad coordinator, Joseph B. Eastman, tells the four steel companies which make rails that the steam roads of the country are prepared to purchase at least 844,525 tons of steel rails (October 4). Part is contingent upon loans from the Public Works Administration; part is contingent upon a base price of \$35 a ton, the prevailing price being \$40.

**AFTER** a White House conference with steel executives—owners of so-called "captive coal mines" where strikes and rioting have been rife—the President announces (October 7) that these mines will come under the collective-bargaining provision of the coal code. The mines have been non-union, but the owners seem destined now to deal with the United Mine Workers' union.

## Agriculture

Smaller crops and higher prices . . . with free supplies, out of surplus, for the unemployed.

**T**HREE million acres less in wheat planting, for next year's harvest, is the achievement of the Agricultural Adjustment Administration. To September 18, contracts are signed by 219,818 wheat growers, controlling 21 million acres, who agree to cut down plantings 15 per cent from their average prior to July, 1932.

(Continued on page 61)



# ◦ ◦ Cartoon Highlights of the Month ◦ ◦



By Fitzpatrick, in the St. Louis Post-Dispatch

## THEIR MASTER'S VOICE

The government makes itself heard in the differences of labor and capital.



By Kirby, in the New York World-Telegram

## HE IMPORTED AN ANTI-NAZI NEWSPAPER

The "Review of Reviews" is among the publications banned in Germany today.



By Darling, in the Des Moines Register

## THE MYSTERIOUS PRISONER



By Orr, in the Chicago Tribune ©

## THE CHANCE OF A LIFETIME



The Three Bosses.



By Kirby, in the New York World-Telegram



A Disorganized Army.

# ECHOES OF THE REVOLT AGAINST TAMMANY IN NEW YORK CITY



By Smith, in the San Francisco Examiner  
LITTLE HANS HOLDS BACK THE SEA OF PROFITEERING



By Gale, in the Los Angeles Times  
RINGING WET



By Fitzpatrick, St. Louis Post-Dispatch  
ABOUT TO BROADCAST?



By Darling, New York Herald Tribune ©  
THREE HITCH HIKERS LOOK FOR A LIFT



By Hutton, Los Angeles News  
"LOOK! LOOK!"





ON THIS AIRVIEW MAP of Manhattan Island, white lines indicate new bridge and tunnel projects. At the right is the Triborough bridge linking Queens, the Bronx, and Manhattan. Left is the Mid-Hudson tunnel between New York and New Jersey.

## Manhattan Builds New Exits

**T**RANSPORTATION is always one of most complex problems which a city has to face. Place that city on a small island; surround it with one of the most densely populated areas in the world, and you multiply the problem a thousandfold. Such is the position of Manhattan, once a 14-mile stretch of woodland purchased from the Indians for twenty-four dollars worth of Dutch trinkets. Today Manhattan is the commercial center of New York City and of the United States. Topless towers rising into the clouds are the visible signs of uncounted wealth lying in the vaults beneath her streets. Ships from every nation sail majestically into her deep harbor. Wide-bottomed ferries ply their way across her rivers. Buses, trucks, private cars, and trains jam her bridges and tunnels. All is ceaseless noise, ceaseless movement, back and forth from borough to borough, from state to state.

For New York's strategic position draws all things to her. Within the 22 square miles of Manhattan live 1,775,776 persons. An additional 3,000,000 crowd into the island every day, to work or to play; and within a circular district 50 miles from City Hall lives nearly one-

tenth the total population of the United States. Moreover, Manhattan lies in the path of these millions when they choose to trek west or north from Long Island, south from New England, or east from New Jersey. Getting all these travelers into Manhattan and out again has been a challenge to city planners since 1790, when New York's spectacular growth began.

Recently, however, the problem has become more intricate. Not only has the population doubled in the past thirty years, but great numbers of citizens have become the owners of motor cars. These automobiles, together with trucks and buses, clog highways and line up before bridge and ferry wasting time and exhausting patience. The weary motorist, seeking relief in new traffic arteries, has had his hopes dashed by years of depression and muddled city finance.

New York might plan wisely and well, but there was no money with which to carry out those plans. Just as the New Yorker was on the verge of despair, came the federal Government waging vigorous war on unemployment, and offering millions for worth-while self-liquidating construction projects. In September the Public Works Commission

at Washington arranged generous loans, and construction of a Triborough Bridge on the east side of uptown Manhattan, and a midtown Hudson Tunnel on the west side, is about to commence.

A glance at our airplane photograph shows the waters encircling the island. To the west is the broad Hudson, sweeping majestically southward between the Palisades of New Jersey and the skyscrapers of Manhattan, on its way through the harbor and into the Atlantic. To the east is another body of water, separating Long Island from Manhattan, improperly called the East River. To the north, flowing into the East River, is the Harlem River and Ship Canal. This last severs the borough of the Bronx from that of Manhattan, and completes the water isolation of Manhattan. The populous Bronx, together with Brooklyn and Queens on Long Island, and Richmond on Staten Island in the harbor, form with Manhattan the five boroughs of Greater New York, with a total population of 7,000,000 souls.

An idea of the changes which have come about in these boroughs in the past half-century may be gleaned from the fact that the Brooklyn Bridge, first and most famous of the four East River

spans, was originally intended largely for pedestrians. It was opened with loud acclaim in 1883, and to this day reserves its widest lane for those who choose to walk between Brooklyn and Manhattan. In its fifty years of service the population of Brooklyn has multiplied fourfold, until today it greatly outnumbers that of Manhattan. As with Brooklyn so has it been with Queens and the Bronx, the bedrooms of Manhattan.

To transport these ever-increasing millions, morning and night, tubes for rapid-transit subway lines were constructed under the waters and bridges for trolleys and elevated systems over the waters. Each new bridge across the East River was placed farther north than the last one.

But across the Hudson was New Jersey, another state, and while hundreds of thousands of New York's toilers lived in New Jersey suburbs, the great city spent no money for their traveling convenience, until recently. They were not, of course, tax-payers. A vehicular tunnel under the Hudson, to supplement ferry service between New York and New Jersey, was completed in 1927; and two years ago the George Washington Bridge was opened. It connects the upper west side of Manhattan with the splendid new motor roads of New Jersey, drawing a share of the Bronx and New England traffic away from downtown streets. Both these trans-Hudson highways—one under the water, the other over it—are toll roads. The East River bridges are free.

Over the East River there is now no vehicular bridge north of Fifty-ninth Street, to take care of Long Island motorists. And what is the use of building wide boulevards converging on Manhattan, asked car owners, if there is no adequate means of getting across the water?

One answer to the east side situation is the Triborough Bridge. Most ambitious of all the East River projects, it is designed to serve three boroughs, reaching its wide arms into upper Manhattan, into the Bronx, and into Queens. It is to be the connecting link between the parkway systems of Long Island and Westchester, a new route that will relieve the traffic-logged streets of lower Manhattan. In the optimistic year of 1929, when all things were possible, work was started. Massive piles of concrete were poured for foundations on the Queens waterfront and on Ward's Island in the East River. The city spent more than \$5,000,000, only to abandon construction last spring when funds could not be found to finance the remainder of the \$42,000,000 project.

Then came the Government's drive against unemployment. In August the plan for the Triborough Bridge was approved by the Public Works Commission at Washington. A cash grant of \$7,200,000 was made, and a loan of \$35,000,000 at 4 per cent interest, payable in twenty years, was promised. The loan is being advanced against bonds issued by the Triborough Bridge Authority, and these in turn will be liquidated by toll charges for use of the bridge after completion.

With all legal details settled, contracts

were let immediately and work will soon be resumed. Thousands of laborers, builders, engineers, and draftsmen have been employed. According to agreement, contracting companies are permitted to engage only those whose names appear on the federal relief lists. Employees of the Authority itself are drawn from the ranks of the civil service. Actually it is estimated that the bridge will require 210,000 man days of labor before it is opened to traffic in 1935.

There are four distinct parts to the long span. The first rises from Astoria Park in Queens, where a massive anchorage containing 75,000 cubic yards of concrete and 1600 tons of steel had already been set up. From here the bridge will swing westward, over the choppy waters of the East River known as Hell Gate, to another firm anchorage on Ward's Island. A row of pillars across the island will carry the structure to Little Hell Gate in the Harlem River, and thence to a second island called Randall's. At this point the project divides into two sections. The main line, continuing from Queens, will span the Bronx Kills and join the street level at Cypress Avenue, 134 Street, in the Bronx. A second line will cross the Harlem River to the upper reaches of Manhattan Island.

On the main line of the bridge, between Queens and the Bronx, there will be room for eight cars abreast. Plans allow for the addition of a second deck, so that traffic capacity can be doubled should necessity arise. On the Manhattan spur, six lanes are to be provided. It is hoped that these new facilities will be sufficient to relieve the rush-hour tie-ups which now make vehicular travel over the Queensborough, Williamsburg, Manhattan, and Brooklyn Bridges unbearable.

**T**HE SECOND project, made possible by a federal loan of \$37,500,000, is the Mid-Hudson Tunnel. Sponsoring this is the Port of New York Authority, a committee made up of representatives of the states of New York and New Jersey to handle interstate traffic problems. This same Authority was responsible for the handsome George Washington Bridge, farther up the river. It will be the second vehicular tunnel under the Hudson, the first one (known as the Holland Tunnel, named for its engineer or designer) being an outstanding financial success.

The new under-water highway will resemble the Holland bore in construction and ventilating system. It is to be 8000 feet long, reaching from Thirty-eighth Street in Manhattan to Weehawken in New Jersey. Thence wide highways will lead to the south and west. Although completed plans call for the construction of two tubes, one for east-bound and the other for west-bound traffic, a single tunnel will be constructed with the loan money. This will provide separate lanes for traffic running in each direction.

The Port Authority is accepting no grant from the federal Government. It will issue bonds which the Government will buy, repayable with interest at 4 per cent in 1943. Toll will be charged

motorists for use of the tunnel, to cover expenses and interest and also to redeem the bonds when they come due. The work will take about four years and 8000 men have been employed by contracting companies.

## Sidelights

• • CHICAGO's remarkably successful exposition, A Century of Progress, comes to an end at midnight on October 31. As the crowds pass out of the gates for the last time there enters an entirely new problem of what to save. Philadelphia kept two of its Centennial Exposition buildings in 1876. Fortunately Chicago's arrangement with the fair authorities allows the city—through its South Parks Commission—to claim any structure that it desires. It likewise inherits whatever it wants in the way of landscaping—trees, shrubs, hedges, not to mention good roads and bridges.

• • A NEW garden movement—there cannot be too many—is that sponsored by pharmacists through their trade periodical, the *American Druggist*. Its main purpose is educational, reminding one of popular exhibits in drug-store windows. It would specialize in the growing of plants that yield medicine. (Leaves of the common purple foxglove, for example, are transformed by the chemist into digitalis, the most common remedy for heart ailments.) The gardener would need to be generous with his labels and explanations.

• • A BRIDAL PATH 350 miles long is to be constructed before next summer by the Massachusetts Forest and Park Association. So the horse is not forgotten after all; and perhaps the pedestrian will receive similar recognition before he disappears completely from the highway. This bridal path crosses the entire state of Massachusetts east-and-west, from quaint and artistic Cape Cod to the beautiful Berkshires, following "trails" that long since became concrete motor highways.

• • PLANNING AND NATIONAL RECOVERY was the subject of a four-day conference held in Baltimore and Washington under the auspices of the National Conference on City Planning and the American Civic Association in October. Every phase of planning and organization for planning—national, city, and large-scale rural—was discussed by eminent leaders. Among others, Secretary of the Interior Harold L. Ickes brought a message on national planning and public works. Frederic A. Delano, president of the American Civic Association, spoke on national planning and the Association, and experts in the field of slum clearance presented the viewpoints of the city planner, the architect, and the social worker. Of outstanding interest was the meeting devoted to consideration of the vast Tennessee Valley experiment. Dr. Arthur E. Morgan, chairman, Earl S. Draper, director of land planning and housing, and Dr. Floyd Reeves, director of social surveys, all of the Valley Authority, gave a first-hand picture of the progress of the work under their direction.



## Collector of Trusts

By GEOFFREY T. HELLMAN

From the NEW YORKER

**F**LOYD B. ODLUM, president of the Atlas Corporation, has in the past ten years developed a forty-thousand-dollar portfolio of utility stocks into a diversified-investment trust with fifty thousand stockholders and control of assets of one hundred and thirty million dollars. . . . A man of few words, Odlum dismisses all questions as to his methods with, "You buy when the other fellow sells, and sell when it looks rosiest". Vague as it sounds, this policy has placed him in a succession of enviable positions. In the summer of 1929, at the height of the bulging-safe-deposit-box era, Odlum sold over half of Atlas' holdings, then around six million dollars, and kept it in cash. Later that summer, having raised an additional nine million through new stock subscriptions, he miraculously kept the entire sum in cash or short-term notes. Thus, at the time of the crash, Atlas had over twelve million dollars, or more than four-fifths of its assets, in liquid form.

Odlum, naturally, doesn't always guess right, but in general his flair for going against the tide turned the depression into a bonanza period as far as he was concerned. . . . Early in 1930, looking around for particularly good buys, he hit on investment trusts, most of which, in the reaction following their boom-time growth, had by then fallen in price to figures well below their actual liquidation value. Although Odlum was not the only person to see this, he was practically in a class by himself, in that he had the cash to take advantage of it. Since then he has bought up twenty-two investment trusts, the general process being first to persuade some large, dissatisfied stockholders to sell out and then to work out some basis of exchange whereby the other shareholders in the old company exchange their certificates for Atlas stock.

This sort of thing is so exciting to Odlum that he cannot understand why anyone should prefer leisure to business. His idea of a really good time is stalking some great trust like the twenty-five-million-dollar Sterling Securities Corporation or the forty-million-dollar Goldman Sachs Trading Corporation. In the case of the latter, with over five million shares in the hands of some fifty thousand stockholders, it would have taken forever to buy enough stock on the market to get control. Any large orders would, of course, have raised the price.

Odlum started operations in December, 1931, by buying five hundred thousand shares from the largest stockholder, Ralph Jonas. He continued to round up stock by private purchase for the next year or so. Last April, bowing to the

inevitable, President Walter Sachs wrote his stockholders that Atlas had acquired 40 per cent of his company's stock, and asked them to approve Atlas Corporation's taking over the management. As a matter of pride, the Sachs family kept the 4 per cent of the stock which they originally held, but about 65 per cent of the trust, now known as the Pacific Eastern Corporation, is today owned by Atlas. . . . One of Odlum's best friends, incidentally, is Sidney Weinberg, one of the Goldman Sachs partners. Mr. Weinberg invariably refers to Odlum as "Fifty-Per-Cent Odlum". "He buys everything at fifty cents on the dollar", says Mr. Weinberg.

**O**DLUM comes naturally enough by his sense of economy. Born 1892 in Union City, Michigan, he was one of the five children of a Methodist minister. Odlum père's calls took him all over the state during the next sixteen years, and the boy's earliest recollections are of doing his homework to the accompaniment of family conversation and rehearsals of next Sunday's sermon. This so developed his powers of concentration that today he can sit in a room of shouting people and work out the most intricate deal, entirely unconscious of his surroundings. When he was sixteen, the Odlum family moved to Boulder, Colorado, where he attended the state university. Known as Little Od, to distinguish him from his brother Arnold, Big Od, he ran the student laundry, the dramatic association, the school paper, and the annual, all at a profit. Summers he worked in the library and ran four fraternity houses as rooming houses.

After college, Odlum attended the university law school for three years and won first place in the state bar exams. He canvassed every law office in Salt Lake City and found a job with the Utah Power & Light Company. When his salary was raised to seventy-five dollars a month he married the daughter of an elder in the Mormon Church. The author continues:

When Odlum worked there, Utah Power & Light, an affiliate of one of the companies which later was merged into Electric Bond & Share, and hence under the domineering aegis of Sidney Zollcoffer Mitchell, was scrambling together over a hundred utility companies in Utah, Idaho, and Colorado. Odlum, working chiefly on franchise problems and minor claims, soon became known for his thoroughness. At the end of a year or so, his superiors decided that some eastern experience would do him good, and farmed him out to Electric Bond &



FLOYD B. ODLUM

Share's Manhattan lawshop, Simpson, Thacher & Bartlett. The man whose trading fifteen years later was to keep thirty-five brokerage houses busy arrived in New York in June of 1916 wearing a large sombrero. Depositing his young wife and baby in the waiting-room of the Grand Central, he presented them with a ham sandwich and a bottle of milk, and started to walk to the Simpson, Thacher & Bartlett offices on Cedar Street. He had never been in a town where any office building was more than a few minutes' walk from the station. . . .

At Simpson, Thacher & Bartlett, Odlum worked chiefly on utility problems, shuttling back and forth a great deal between the law firm and the Electric Bond & Share offices. One day, S. Z. Mitchell stalked into his lawyers' offices. "What's the use of my chasing Odlum over here all the time?" he said. "Why not let the boy work for me?" Once with Bond & Share, Odlum rose rapidly. He was exactly the type of youngster Mitchell liked to train—hard-working, conscientious, democratic, versatile. "I didn't pick him out because he belonged to some god-damned club like Skull & Bones", Mitchell once told a friend. "Hell's bells! I picked him because he knew the folks out West where we did business".

Odlum worked on domestic utility consolidations until 1926. Around then, Mitchell launched him into his foreign-expansion period. Odlum, then a vice-president of the company, became Bond & Share's chief buyer of utility properties in Europe and South America. In the years 1926-29, the company absorbed half a billion dollars' worth of properties, a substantial part of which was bought by Odlum. In the last half of 1928 and the first half of 1929, armed with unlimited powers of attorney, he bought over two hundred million dollars' worth of natural-gas and water-power properties. Negotiation was the breath of life to him. . . .

Simultaneously with his work for Mitchell, Odlum was carrying on the investment activities which were to blossom into the present Atlas Corporation. In 1923, he and a friend, George Howard of Simpson, Thacher & Bartlett, had

get aside forty thousand dollars with which to play around with utility stocks. Through successful investment, this sum increased so rapidly that by 1926 several friends gave them additional funds to invest. Howard, Odlum, and the latter's brother-in-law, L. Boyd Hatch, formed a triumvirate which took care of this money. While abroad, Odlum telephoned instructions nearly every day. His telephone conversations with Mitchell, however, were the ones which really ran into money. It was Odlum who made the famous record-breaking call from London in 1929, which lasted ninety-five minutes and cost \$1425. "It was worth it", Mitchell said of that.

In 1931, Odlum resigned from Electric Bond & Share to give his full time to Atlas. Once an investment company chiefly concerned with utilities, this has branched out until now its holdings, changing daily, include bonds and the preferred and common stocks of railroads, banks, steel, copper, tobacco, drug, food, chemical, and oil companies. It is the largest stockholder of Bonwit Teller, the American Trust Company of San Francisco, and the Mississippi Barge Line, and has substantial holdings in the New Yorker Hotel, Greyhound Buses, Manufacturers Trust Company, Warner Brothers, National Dairy, Loew's, United Biscuit, etc. Odlum's idea, however, is to keep liquid rather than to control

companies, and most of these holdings are inheritances from some subjugated investment trust rather than his choice.

Keeping an eye on a hundred and thirty million dollars' worth of shifting investments is a nerve-racking job, and Odlum relieves the tension by daily use of a squash court and massage-room which he has on top of the Goldman Sachs Building. There he plays with Howard, Hatch, Weinberg, and a number of others who constitute the Daily Dozen Club, and often holds conferences while being rubbed down. He owns a good slice of the Atlas stock and his profit derives from this. Atlas officers are, of course, paid salaries, but there are no special bonuses.

Odlum's pleasures, for a man of his wealth, are simple. He lives quietly in a conventional Tudor house in Forest Hills (Long Island) with his wife and two sons, often joining the latter in a game of ball on the street. He has a few pictures by Gainsborough, Watteau, and the like, his taste running to landscapes and beautiful women. A year or so ago, a discharged butler stole four of Odlum's best oils. Caught, he was sent to Sing Sing, where he is now writing a novel. Odlum sends him cigarette money and he sends Odlum drafts of his novel for criticism. "You write very well", Odlum told him the other day in a letter, "but your style is a trifle stilted".

money or with a new kind of dollar. "Means must be found," he says, "for promoting re-employment of capital and labor in desirable directions. Not alone the banks, but the mills also must be set going. Financial resources are not lacking. The difficulties are on the side of demand. With demand quickened through employment, prices will rise." . . .

For forty years at Harvard the name of Sprague has been a synonym for scholarship. A graduate in the class of '94, a member of the faculty at the age of 24, Dr. Sprague has ever been, to Cambridge men, the personification of intellectual integrity. His colleagues call him a rock, so stanch he is for his principles. A moralist and a conservative, a man self-contained, saying little but saying it vigorously, he is a leader on the campus even when championing a minority opinion.

Early in his career he taught for three years in the Tokyo Imperial University, and Japanese finance has looked to him for advice ever since. Returning to Cambridge, he had a large part in organizing the Harvard Business School and shaping its program. There for years he has been one of the best-beloved professors. When he is at hand a good half of the second-year men flock to his course.

Incidentals of any Harvard portrait of him are that he is punctilious in attire, being an especially devout observer of the niceties of the straw hat season; that he plays the best hand of bridge in the faculty, and that he delights in telling anecdotes in the Vermont vernacular. He attended prep school at St. Johnsbury, married there, and turns in that direction often in vacation time.

Increasingly, as his talents extended his fame, he has been drawn away from the classroom into the world of public affairs. It began when the Federal Reserve System was set up. For years, it is said, the late Benjamin Strong, governor of the bank, took no great decision without first consulting him. In the World War Dr. Sprague advocated that the United States should pay its way through taxation rather than through borrowing. In the late '20s he warned strongly against the excesses of the speculation boom and saw his prediction of disaster come true.

When the international economic system was cracking up in 1930, Dr. Sprague was called to sit as adviser in the Bank of England, a post no American had ever occupied. Beside Governor Montagu Norman he wrestled with problems affecting the two nations. People who pretend to know say that his influence at the Bank was very great, and that no living American understands economic Britain better than he does. In his years there his counsel was demanded frequently in Paris, Berlin, Vienna, Basle, and Geneva. He is an American contribution to the small and distinguished group of scientists in banking economics that includes Keynes and Stamp of Britain, Cassel of Sweden and Schacht of Germany.

Professors in politics are not always greeted with cheers by the so-called "practical" of this world. Dr. Sprague, however, is more than a theorist. Ex-

## Washington's Financial Adviser

By L. H. ROBBINS

From the NEW YORK TIMES MAGAZINE

**A** GRAY-HAIRED man of kindly face and urbane air sits at a desk in a window alcove in the Treasury Building, his window looking out toward the White House amid its trees and lawns. He is Oliver Mitchell Wentworth Sprague, since 1913 Converse Professor of Banking and Finance at Harvard University, and since last May financial adviser to the Roosevelt administration. . . .

Professor Sprague has had little time in recent years for teaching, unless distressed governments and distracted central banks of the western world may be called his pupils. Such baffling things as trade collapses, credit freezes, bank failures are as understandable to him as crossword puzzles to ordinary folk. He has been characterized as the clearest monetary thinker in America.

That is why he served, by invitation, for three years as chief economic adviser to the Bank of England in the recent period of increased complexity of post-war international banking. That is why the Reichsbank, the Bank of France, the Credit Anstalt, the Bank for International Settlements and the League of Nations have sought his counsel in times of strain, and why he was drafted last spring to the post, specially created for him, of financial and executive assistant to the Secretary of the Treasury. Here his experience and his knowledge are at the command of the Government in the immense fiscal problems of the re-

covery program. At the moment he appears to be the head coach of those who constitute the administration's financial line-up.

Not much is printed about Dr. Sprague in the news of the day. For one reason, he is modesty itself. Then, again, Dr. Sprague's duties, which are purely those of a consultant, seldom bring him into the limelight. Surrounded by political heads carrying responsibility, he knows an economist's place. He is a critic behind the scenes rather than an actor on the stage.

Although Dr. Sprague talks little for public audience, and although his writings are few and far between, it is not difficult to learn how he stands on the money questions that just now cause anxiety to thoughtful Americans. He believes that national programs of recovery must in the present state of the world take precedence over international programs. He holds that currencies cannot be stabilized until economic conditions are stabilized. In his opinion, currency inflation or mere general banking action will not do the work expected of them by the monetary school of economic thought, whose disciples count upon them to perform instant wonders.

He belongs distinctly to the equilibrium school, which maintains that more things than monetary manipulation are needed; that, in fine, the troubles of the age are too deep-seated and too complicated to be cured with cheap



cept communism, there is no important aspect of the economic system, either theoretical or practical, that he has not studied on the spot with the economists of the countries concerned. He knows the political problems that have helped

to wreck the economic system, because he has studied them also on the spot with the politicians concerned. Bolshevism in operation he has never studied, but his knowledge of capitalist economics is said to be as wide as capitalism itself.

## Bernard Baruch

By BEVERLY SMITH

From the AMERICAN MAGAZINE

**B**ERNARD MANNES BARUCH is the most influential private citizen in the United States of America today. He is an old friend and intimate adviser of President Roosevelt, and is almost daily, personally or by telephone, in conference with him. . . . He is a Jew, sentimentalist, realist, Wall Street operator, generously public-spirited citizen, shrewd trader, and charming southern gentleman, all rolled into one.

Mr. Baruch's father, Dr. Simon Baruch, was a surgeon in the armies of the Confederacy. For four years he doctored and fought beside the ragged men in gray who followed Robert E. Lee. . . . In the impoverished South of reconstruction days Dr. Baruch found it more and more difficult to make a living for his family. At last he went north and began practice in New York. Young Bernard was entered as a student at the College of the City of New York. . . .

Dr. Baruch wanted his son to be a physician. Mrs. Baruch was sure that Bernard was not suited for medicine. After much discussion Mrs. Baruch took Bernard to a Dr. Fowler, a famous phrenologist of the day. The eminent bump expert ran his practiced fingers over Baruch's cranium, and looked wise. "This young man has great gifts in finance and business. He might be a good lawyer. A doctor? No."

Mrs. Baruch won the day. Bernard went into Wall Street as a broker's boy at \$3 a week. At night school he studied law and bookkeeping. He is still proud of his ability to "tear a set of books apart as well as any expert accountant."

After two years in Wall Street, Baruch owed his father \$150. His salary was still minute, but he had a reputation around the office for his almost photographic memory. Whenever anybody wanted information about a stock—dividends, book value, net earnings—they said, "Ask Barney." . . .

Baruch was now becoming known as an extremely valuable adviser and intermediary in stock transactions. In his studies he looked beyond dividends and earnings to the abilities and character of company officers; and to the commodity and market situation upon which the future of the business rested.

He began some operations of his own. He borrowed a large part of his father's savings, \$10,000, and lost every cent of it. His father lost interest in phrenology.

But his earnings were mounting and he soon recouped. One of his large commissions at this time was arranging for the purchase of a nationally known tobacco company. He began again to venture cautiously into the market. He

was not burned again. He specialized in quick turn-overs and small but certain profits—the kind that depend on making decisions five minutes faster than anybody else. His working capital became sufficient for him to cut his brokerage connections and become a small market operator on his own.

Here Fate, plus Baruch's character, played another prank. A group of Westerners were boosting a certain steel stock to the limit. Baruch, from his studies, knew the stock was unsound. He sold it short to the limit of his resources. The show-down, he knew, would come on the next dividend declaration day. He expected the directors to pass the dividend, in which case he could reap a quick profit of something like \$50,000. But if the directors bluffed by declaring a dividend, he would have to cover instantly or lose his shirt.

The day before the meeting Baruch's mother called him up.

"Bernard," she said, "have you forgotten what day tomorrow is?"

Baruch glanced at his calendar and paled. It was the day of Jewish worship, Yom Kippur. He had promised his mother when he went into Wall Street that he would keep these holidays sacred. That meant he must not only stay away from his business, but he must not communicate with Wall Street in any way. This might well mean ruin.

The next day he stayed at home with his mother. At about eleven in the morning the telephone began to ring. The market had taken an unforeseen turn, and Baruch's friends were telephoning him frantically. Baruch took the receiver off the hook, left it off, and went back to sit with his mother on the lawn. Telegrams began to come to the front door. Baruch would not take them in. Something was evidently very wrong.

Not until after the sacred day was over did he discover what all the telephoning and telegraphing were about. The dividend had been passed. The stock had fallen. His friends had wanted him to take his profit before the stock rebounded.

But the stock had not rebounded. It had gone down, down, down, into panic. And so the modest profit which Baruch had planned grew into a killing. He made more than \$900,000. While he chatted with his mother he had become a millionaire. Baruch became a large, feared, and respected operator in Wall Street.

In 1916 Mr. Baruch's whole life began to take a new direction. At that time the possibility of our entering the war began to be discussed. Baruch's mind, schooled in prediction, became fas-

cinated with the speculation as to what the industrial set-up of America would be in case of war.

But this time he did not seek to apply his reasoning for his own profit. He foresaw that chaos would result unless some plans were made. He became alarmed for his country. He made speeches, urging the necessity for some prepared scheme of industrial mobilization. President Wilson heard of this, sent for Baruch, and appointed him a member of the Advisory Commission of the Council of National Defense. . . .

Baruch's colleagues on the Advisory Commission, which included Daniel Willard, Howard E. Coffin, Julius Rosenwald, and Samuel Gompers, at first regarded him rather suspiciously as "just a Wall Street speculator." They soon discovered that he had an amazing grasp of conditions in every major industry and in every commodity market.

Furthermore, as early as January 8, 1917, he made the first suggestion for marshaling all the resources of American industry, a suggestion which later grew into the War Industries Board.

Here Baruch found problems larger, more exciting, more engrossing than any he had encountered in Wall Street. And now he made his decision.

"I had made money," he told me, "and I thought I had made a good job of it. I decided to close that page of my life."

**A** LIBRARY could be written about Baruch's part in the Council of Defense and the War Industries Board. I can only touch on a few high spots. . . . Such as the time when Wilson told Baruch that the United States must acquire all Austrian shipping in American ports, and Baruch telephoned Wilson the next morning and said, "The Austrian shipping has been purchased, Mr. President." . . . And the time the French Ambassador frantically called upon America for gasoline, and Baruch had two tank steamers of gasoline on the way to France in forty-eight hours. . . .

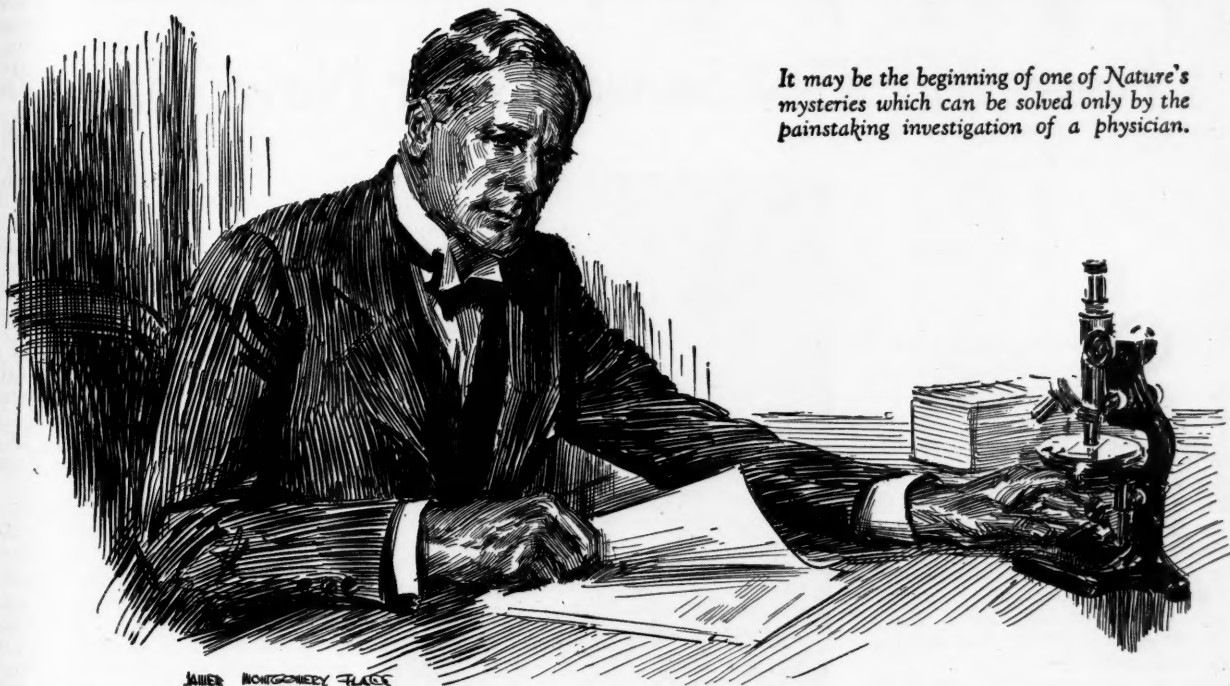
Less dramatic, but more pertinent to our present experiment with the Industrial Recovery Act, was Baruch's wartime experience in coordinating the entire industry of a nation. . . .

Since the war Baruch has found many opportunities for the public service which he likes. He was delegate and American economic adviser at the Peace Conference, and after it was over said many of the same things about reparations that Maynard Keynes was saying. But Baruch's observations were made rather dryly, and nobody paid much attention to him.

In 1919 he was a member of President Wilson's Conference on Capital and Labor, and three years later of President Harding's Agricultural Conference. It is significant that both labor and the farmers, in spite of Baruch's Wall Street connections, have always regarded him as their friend.

Last year President Hoover appointed him a member of the National Transportation Committee, along with Calvin Coolidge, Al Smith, Clark Howell, and Alexander Legge. The report, deeply affecting the destiny of the railroads, was written largely by Al Smith and Baruch.

# The Anemia Mystery



*It may be the beginning of one of Nature's mysteries which can be solved only by the painstaking investigation of a physician.*

JAMES H. MONTGOMERY, F.L.A.C.

WHEN, without apparent reason, someone you care for—young or old—complains of feeling tired or exhausted and begins to lose color, becoming paler and weaker as the days go by, you may have good cause to suspect some form of anemia.

The anemic person lacks good red blood.

Sometimes anemia is a symptom of a condition which is unknown or neglected by the sufferer and which may be either slight or serious. A frequent, though small, loss of blood, a wasting disease, or infections in the body may produce anemia. If, however, the cause is diligently searched for—and can be removed or corrected—the anemia will usually disappear under proper treatment.

Anemia may also be caused by a lack in the diet of certain food elements necessary for normal blood formation—especially when there are associated functional defects (often symptomless) of the stomach and intestines. A correct diet alone sometimes conquers such anemia. But proper treatment with an appropriate quantity and quality of iron is often of fundamental

importance in producing a sufficient amount of blood coloring matter.

People may also become anemic because they are unable to utilize from an adequate diet the food material necessary to make red corpuscles. This may be dependent upon a deficiency in the function of the digestive organs. The most common type of such anemia is called by doctors Pernicious Anemia. Until recently it was always fatal. In 1926, however, an incredibly simple remedy was found—liver.

Pernicious Anemia can now be kept under control by the regular use of liver or an effective substitute PROVIDED A PROPER AMOUNT IS PRESCRIBED FROM TIME TO TIME FOR EACH INDIVIDUAL CASE. But—liver or potent substitutes are not a panacea for all forms of anemia. Although they save lives in cases of pernicious and allied anemia, they are frequently ineffective in treating the ordinary forms of the condition.

If there is an anemia mystery in your family, don't guess about it. Ask your doctor to find the solution.



## METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT

ONE MADISON AVE., NEW YORK, N. Y.

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# FACTS and TRENDS in FINANCE and BUSINESS

o o o As Seen Through Our Roaming Periscope o o o

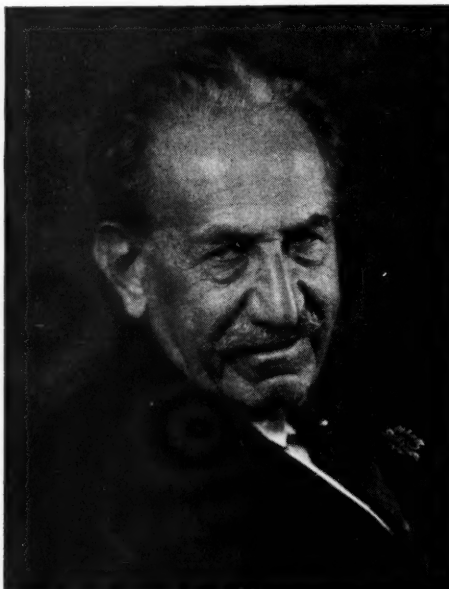
## New York City Searches for New Taxes

**Q**UITE as interesting as New York City's current political campaign has been a companion controversy concerned with the very important question of how the bills for government—good government as well as bad—are to be paid. It is a thorn in the flesh of Tammany that the city's payroll, excluding teachers, doubled in the eight years from 1924 to 1931. The total payroll, including teachers, has grown even in depression, from 131,000 persons in 1929 to 144,000 at the moment; from 300 million dollars to 324 million.

By the ingenious device of flattering the taxpayer, the city was always able to find the money to pay these salaries. If you had owned a piece of real estate you would likely have found the city-paid appraisers placing a higher value on it each succeeding year. As a concrete instance, we have before us tax bills covering a modest dwelling in the suburbs which the city assessed at \$5,825 in 1923, \$6,325 in 1924 and 1925, \$6,675 in 1926, \$7,475 in 1927, and \$8,175 in 1928. Here was an increase of 40 per cent in five years, and were it not for the depression it is reasonable to suppose that the rise would have continued, with the taxpayer blinded by the city's lavish praise of his investment acumen.

But the goose which always had laid golden eggs for New York's government—this real-estate goose—is sickly these days and cannot be depended upon. Almost two hundred millions of taxes are unpaid, about two-fifths of a whole year's tax roll. An added complication is the continuing burden of emergency relief. So the city has run increasingly into debt, borrowing new sums from the local banks only by promising to retrench and then ignoring its promises.

A superficial glance at New York City's income sheet would discover nearly a dozen sources of revenue besides the tax on real estate; but further examination would show that most of these other sources work back to real estate. From its direct tax on land and buildings, for example, the city received in 1931 456 million dollars out of a total income of 650 million. But its other receipts included 39 million in assessments for improvements, 25 million for water, 8 million in interest, largely on tax arrears, and 10 million or more from rents; so that real estate actually paid nearly 540



SAMUEL UNTERMYER, special financial adviser to the Mayor of New York, who seeks new tax sources.

million out of the 650 million total. The remainder came mostly from the state, as apportionment of school funds and the city's share of special taxes collected by the state, such as those on motor vehicles and gasoline.

Thus when New York City found its tax delinquencies grown during depression to nearly 200 million dollars, and its expenses still rising, a crisis developed in which the bankers played a leading part by refusing to expand further the short-term borrowings of the city that already amounted to 330 million dollars.

September payrolls were threatened, but the city borrowed from its own sinking fund and from a kindly state government. October payrolls were threatened, with a mayoralty election on the doorstep, and something real had to be done. Department heads had answered the Mayor's plea that expenses be cut to the bone, and that even the bone be scraped, by requesting 555 million dollars for 1934, instead of 518 million allowed in this present year. The budget as approved by the Mayor himself, on October 3, carried 514 million dollars in estimated expenditures, a reduction of 4 million. But that reduction was accomplished only by eliminating the usual appropriation of 13 million for various pension funds!

Thus the gesture of economy has been abandoned, and the search continues for new sources of taxation. Perhaps there

will be a toll on the bridges and a square-foot tax on electric signs. Already there is a new tax of five cents on each taxicab ride. Whatever new sources of revenue are tapped, they must leave the mass of voters unscathed.

Mr. Samuel Untermyer, public-spirited citizen and special adviser to the Mayor, invented a series of new taxes, ingenious and following the approved course of soaking the rich. He proposed (1) a tax of one-fourth of 1 per cent upon the value of investments of savings banks and life-insurance companies; (2) a tax of four cents on each share of stock transferred; and (3) a tax of 5 per cent upon the gross incomes of brokers and others engaged in buying and selling stocks, bonds, and other securities.

It happened that there was already a federal tax of 4 cents a share on stock transfers, and a New York State tax of 4 cents (3 cents if shares sell for less than \$20). The city's entering wedge into this tax field proposed to make the total levy 12 cents a share. One would be obliged to pay \$12 to three tax bodies for the privilege of selling a hundred shares of stock.

These new taxes were proposed by Mr. Untermyer on September 7, and within a week were approved by both legislative branches of the city's government. They needed only the signature of the Mayor, known to favor them.

**M**EANWHILE, the brokerage fraternity that had helped to make New York the world's financial center maintained that the new transfer tax would discourage sales and that the levy of 5 per cent on their "gross earnings without deductions" would be ruinous. Across the Hudson was New Jersey, a more friendly state, its metropolis of Newark only a dozen miles away.

The New York Stock Exchange wasted no time in threatening to move. Its members swiftly organized a New Jersey Stock Exchange, carried forward the negotiation of a lease upon a suitable building offered by the city of Newark, made arrangements for telephone and telegraph service and were prepared to begin trading there on the first business day in October. Other exchanges followed suit.

New York City, reaching out for new

taxes, found itself chasing a will-o-the-wisp. It was, indeed, in imminent danger of destroying downtown real-estate values by forcing the exodus of thousands of brokerage firms. It was threatening a tax source which was yielding the state \$30,000,000 a year. Mr. Untermyer fortunately had the courage to admit his error, the Mayor vetoed those tax bills, and the exchanges remained in New York.

Thus the Stock Exchange has laid down a course to pursue in future if special taxes rise too high. A Canadian site is even a possibility.

But the city's financial embarrassment continued, and there followed another series of conferences with bankers the outcome of which—while most extraordinary—is pronounced satisfactory by all interests. In effect, the city surrenders its claim to unpaid taxes, agreeing to segregate the revenue from that source for the purpose of retiring outstanding revenue bills that had been issued against those taxes. The banks agree to reduce the interest rate from 6 to 4 or  $4\frac{1}{4}$  per cent.

The city further agrees to keep the tax burden on real estate within the present limit for four years, and during that period to include in the budget a proper reserve against delinquencies. Emergency unemployment relief needs are to be met by the purchase of \$70,000,000 in bonds by savings banks and life insurance companies, in return for which the city drops its plan to tax their investments. Of that sum, however, more than half has already been spent out of borrowed money.

Thus there is happiness all around, at the moment. The only question remaining unanswered is the original one—from what source is the money to come to pay the city's ever-growing bills? Income from back taxes has been assigned to the banks; no additional burden can be placed on real estate; a reserve of \$50,000,000 annually must be set up against future delinquencies. New taxes are hard to discover. Economies are hard to achieve.

## Defrosting Deposits

*Continued from page 34*

as those of the veterans and the farmers. It is certain that the normal proceeds of liquidation will not be satisfactory.

This writer makes the following suggestion: That the Government intends to reduce the gold content of the dollar is now beyond doubt. The country's monetary gold stocks total \$4,300,000,000. The present discount on the dollar in terms of gold is 35 per cent. Our monetary gold, practically all of which Uncle Sam holds directly or indirectly, has a present value on this basis of \$6,700,000,000. This gives the Government a windfall of \$2,400,000,000. It is a totally unexpected by-product of recovery, and could with conspicuous propriety be used to pay off the unfortunate holder of frozen bank deposits. In liquidating the acquired assets of suspended banks Uncle Sam ultimately would recover perhaps half of this sum.



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## Amending the Securities Act

**M**OST PERSONS have expected that some tinkering would be required, here and there, to perfect a few of the laws that were passed hastily in the special session of Congress last spring. Conspicuous among such legislation is the Securities Act, designed to make the underwriters or distributors of stocks and bonds more responsible to investing customers.

Nobody questions the desirability of such a law; but in its operation it has seemed to hamper most those security houses and security issues which, because of their conservatism, were already among the best. It has plainly retarded the private financing of worthy business, and thus put brakes upon recovery. The new law makes the seller responsible, through the subsequent collection of damages, not merely for a misleading statement but also for any omission of relevant data. Punishment may be as severe for the honest mistake or accidental omission as for outright dishonesty.

• • ALL DIVIDEND checks now received by stockholders are minus the 5 per cent tax imposed by Congress in its search for new revenue. Since dividends are themselves the distributed profits of corporations, this is plainly double taxation; for they have already been subject to the corporation income tax. If you live where there is a state income tax you pay still a third share of these dividends to government. If you happen to live in Massachusetts your dividend check from a public utility is subject to an additional 6 per cent deduction newly imposed by the state legislature. Your annual dividend of \$9 a share from the American Telephone and Telegraph Company is thus reduced by 99 cents.

• • THE GOVERNMENT is making heroic efforts to win popularity for its Home Loan Bonds. These are the securities that one accepts in exchange for an embarrassed mortgage on real estate. They yield 4 per cent, call for payment in instalments through fifteen years, and are guaranteed as to interest by the United States Government. The Federal Reserve has agreed to accept these bonds at par from member banks as collateral security for deposits of public moneys; and the Reconstruction Finance Corporation has agreed to lend up to 80 per cent on the bonds.

• • IF THE Treasury is successful in its plan to call (by lot) nearly two billion dollars' worth of the 4¼ per cent Liberty bonds sold in 1918, the investment fraternity assumes that this is only a beginning. More than four billions of the same issue will remain in the hands of the public and the banks. The bonds that are called must be turned in for redemption by April 15, six months hence. But meanwhile the Treasury offers the holder, in exchange, a bond bearing the same 4¼ per cent for one year and 3¼ per cent thereafter. The interest saving on each billion exchanged is ten million dollars annually.



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## William Green

Continued from page 23

agency, Mr. Green declares that the codes make hours too long and wages too low. Revision of many of these agreements he believes necessary. He does not believe that idle can be put back to work without a flat 30-hour week. That is now Labor's objective.

"While the National Recovery Act was intended to absorb the unemployed by reducing the work day," Mr. Green says, "so that more persons could be employed and national purchasing power increased by raising wages, some of the codes adopted have so perverted the purpose of the act as to increase hours and decrease wage-earners' incomes."

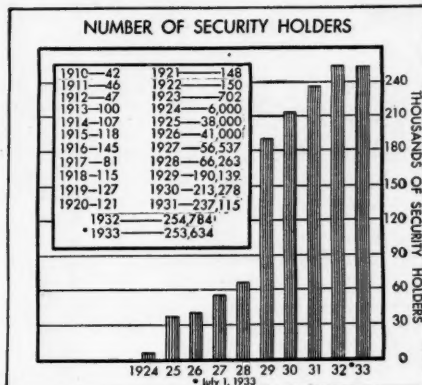
Far from resting on the victories it has won in the codes, Labor intends to follow up with demands for revisions under the collective-bargaining rights of the Recovery Act. The law provides that such agreements, when approved by the President as being within the spirit of the law, shall have the same effect as codes of fair competition. In anticipation of this phase of collective bargaining, in which Labor will undertake to inch-up the standards set in the original codes, Mr. Green drives ahead for thorough organization of all industries. He sees the Federation with ten million members.

This fight will call for new technique. Labor's battle is moving into new territory. From now on it must more and more use statistics in negotiations. Less soap-box oratory and more facts and figures are called for. Instead of the exhorter, Labor now needs the trained economist. The new type of labor man, like Leo Wolman, will be more in demand than ever as against the old-line trades-union haranguer. Mr. Green sees this clearly.

"Trade associations and employers' groups," he said in the last report of the executive council, "have developed industrial data, and of course have access to sources of information such as accounts, payrolls, employment, and production records which can readily be compiled and interpreted in support of their proposals. Statistics are only a medium of interpretation. Data used by employers may omit facts essential to the presentation of Labor's experience, or may be based on data so compiled as to put the employers' case more favorably than facts warrant. To enable Labor representatives to detect all loopholes, omissions, and misleading implications, and to provide statistical interpretation of Labor's case, the services of those who understand the compilation and use of statistics are necessary for union executives responsible for presenting Labor's case."

From this it is plain that employers face a New Deal. The American industrial system, so far as Labor relations go, has passed into a new period. Employers may well feel like the father whose son is at last grown large enough to be an even match with him on the wrestling mat. It isn't a particularly pleasant pill for the Old Man to swallow, but the chances are he will live through it.

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## China Eats Cake

**W**HILE THE WESTERN WORLD still seeks a way out of the economic slough, the Far East is tasting a measure of prosperity. Ever since the days of Marco Polo the fabled wealth of Kublai Khan has lured merchants into the China trade. Yankee clippers braved the perils of the Cape of Good Hope and the Seven Seas to fetch cargoes of silk, jewels, and spices from far Cathay. Travelers from the Christian West marveled at the art and culture of an ancient race and sent missionaries to save the souls of the multitudes living in heathen squalor.

Spices and silks still come out of the East, along with kapok, rubber, electric light bulbs, and a thousand and one clever cheap products of ingenious Japanese labor. But a new valuation has been put upon things eastern. For travelers, there are still the intricate carvings in marble temples, the glories of the past and the quaintness of the present. But for business men, interest focuses on the people—those restless millions whose awakening to western ideas promises new markets for American goods. For today the western coast of America is nearer to Japan and China than it is to Chicago; not in actual mileage, but in the cost of shipping freight and cargo. Water travel may take longer but it is cheaper than land travel, and that is why the nations around the Pacific look to one another for raw products and markets. Moreover, transportation on the Pacific has improved so greatly in the past twenty-five years that ships compete in luxury and speed with the finest on the Atlantic.

Despite flood, famine, and war, returning travelers report that China is making great strides in industrialization. Take for example the cosmopolitan city of Shanghai, commercial gateway to China. Here fifty nationalities live beside the Wangpoo, thirteen miles from the point where the life-giving Yangtze empties into the Eastern Sea. Shanghai is half-modern, half-ancient. In an incredibly short time the city has grown from a fishing village of mud huts to a modern metropolis, the greatest of eastern ports. In its harbor, luxurious ocean liners ride at anchor beside high Chinese junks with matting sails. Skyscrapers in the latest American style line the river front, while mud cottages crouch behind rambling walls in the old fishing quarter. Glittering window displays of department stores remind one of Fifth Avenue, New

York, yet barbers shave their patrons on the sidewalks of side streets. There are automobiles, buses, and electric cars. But two-wheeled carts hauled by coolies, wheelbarrows, rickshas, and donkeys are also approved methods of transportation.

In the summer of 1932 Shanghai built 670 new blocks of buildings. The city is planning a million-dollar railroad station to replace the one destroyed by Japanese shells. There are few vacant shops, offices, or houses. Food and rent are high—for China. Bank failures here and elsewhere are practically unknown, and the banks are lending ever-increasing sums to industrialists for the expansion of business.

All these signs of prosperity and boom have been noted by travelers in the East who are amazed at what they see in allegedly war-stricken China. At least one reason for the progress is the attitude of the leaders of the present government at Nanking. (See October issue, page 47.) Industrial-minded men form the backbone of the republic. Many of the officials were educated in America. Many others have made fortunes in the thriving industries which have been set up recently in the coast cities of China.

Shanghai is the most important of Pacific ports. Yearly 35,000,000 tons of merchandise are cleared at her wharves. Unlike the trade of other port cities, this tonnage has increased steadily throughout the western depression period. China remains a good customer of American goods although exports to this country have dwindled considerably since 1929. In the past twenty years tonnage at the port of Shanghai has increased tenfold.

But Shanghai is not the whole of China by any means. The coast cities are those which have profited most by this boom. The interior is just beginning to be

touched by the new era. There are extreme poverty, backward farming methods, ancient superstitions, and customs in the interior. But new roads, railroads, bus routes, and schools are reaching out constantly to bring the gospel of western living standards to a population nearly four times as great as that of the United States. Some day these people, too, will demand American goods.

China's greatest problem is one of transportation. At least one reason for the civil strife of the past was that leaders from the distant reaches of the vast nation could not get together to discuss their problems. Today highways are being constructed and a great new loop road is to be thrown around the whole country. American motor cars travel these roads and the time will come when the familiar donkey, camel, and ox will be seen only in remote districts. China is air-minded. It formerly required two to six weeks to go from Shanghai to Chungking by river boat, cart, and rail. Today the journey is made in seven hours in American airplanes. The Hangchow aviation school maintains twenty United States air pilots to train young Chinese, and sixty new American planes were added to the service last year.

Roy Howard, publisher of the Scripps-Howard newspapers, recently returned from a 9000 mile air survey of the East. One field which he found ripe for American exploitation is the boat and steamer service. Whoever has seen a Chinese river near a great city cannot forget the sight. The waters are literally jammed with sampans, junks, rafts, and houseboats. Antiquated steamers ply slowly along on some of the inland streams. On the shallow Yellow River (Hwang-Ho), 2500 miles in length, rafts of inflated sheep hides or ox hides are the

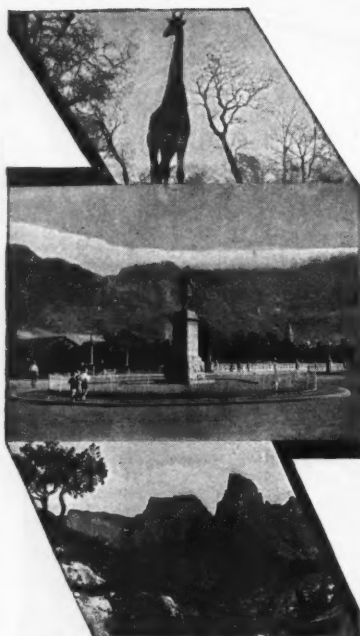


Photograph from Ewing Galloway, N. Y.

AMERICAN LINER AT SHANGHAI







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# SOUTH AFRICA

sole means of transporting large cargoes of wool, hides, fur, and food products from the plain country to rail-head cities. Weeks and months are spent in slow river travel in which man-power, wind and tide provide locomotion.

What is true of China proper is true also of Manchuria. The new state of Manchukuo is about the size of France and Spain combined. The population of 30,000,000 is largely rural and much of the farming country has been settled in recent years. For that reason it is easier to introduce western methods into Manchuria than in the fertile Yangtze valley where farmers have been cultivating the soil in the same way since the days of Han. The soy bean crop has increased tremendously in the past few years, and a great deal of this is shipped to Japan. New roads are being opened and the cities are thriving with new mills and construction of all sorts.

AND WHAT about Japan in this eastern scene? The island empire is also making great strides in westernization. Tokyo, rebuilt since the devastating earthquake of 1923, is a city of electric advertising, electric cars, motor buses, moving picture theaters, modern streets, and buildings. The men have adopted western dress; the women cling to their colorful native costume. There are ugly slums in Japan's industrialized cities, but the people worship beauty in their gardens and art.

Many people fear that the Japanese will crowd American products from eastern markets. The Japanese are apt at certain arts and trades. Doubtless the goods which they can make so cheaply—rubber shoes, fans, toys, electric light bulbs, etc.—will find ready sale here and in the East. On the other hand Japan imports a large quantity of raw material, notably cotton, from America and there are fields in which her people are not even trying to compete with American manufacturers. To quote Mr. Howard again:

"In the 40 years of life of the automobile industry, Japan has yet to create a single Japanese automobile or a single airplane company. They let Americans—General Motors at Osaka, for example—take this market. They offer no competition for the automotive trade in China or Manchuria. From Java to Vladivostok the American motor is king."

• • COÖPERATION for efficiency and economy is the keynote of a German move to meet world competition on the high seas. The North German Lloyd and Hamburg American lines are hoping to save \$160,000 in the coming year by consolidating their services in the north Atlantic. Later similar coöperative efforts will extend to other services.

• • FOLLOWING the lead of western railroads, eastern lines will enter a six-months experimental period of reduced rates on December 1. Action was taken at a conference of eastern presidents in October. The pre-war rate of 3 cents a mile for one way tickets and 2.5 cents for return with no surcharge for pullman travel will prevail on nearly all lines. Mileage tickets at 2.7 cents a mile for 3000 miles also will be offered.

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## France Again at the Crossroads

Continued from page 37

to devalorize the franc, which has already had its gold content reduced to 20 per cent of its pre-war parity, so that a further reduction would be truly calamitous.

But that dread may be based on a fallacy: it may be that gold can be embargoed by France, as by the United States, or at least that France will limit its gold operations to the gold bloc countries. Thus the speculators operating on London's free gold market may be deprived of their chief lever for raising the price of gold to the detriment of all other prices—i. e., a sterling-franc exchange rate based on the convertibility of the franc into gold for export to England. Better trade at better prices would ensue as a result of the deflation of gold itself, and currency devaluation would be avoided.

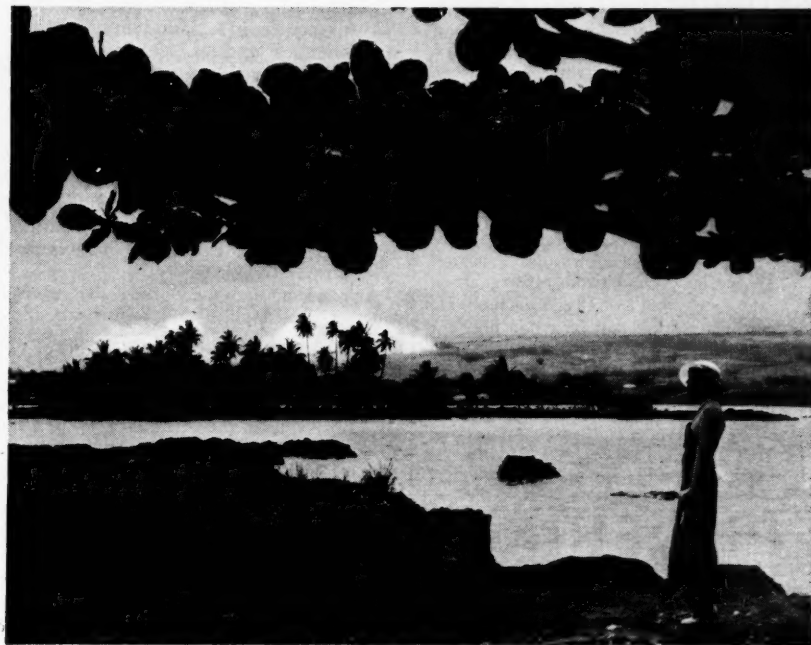
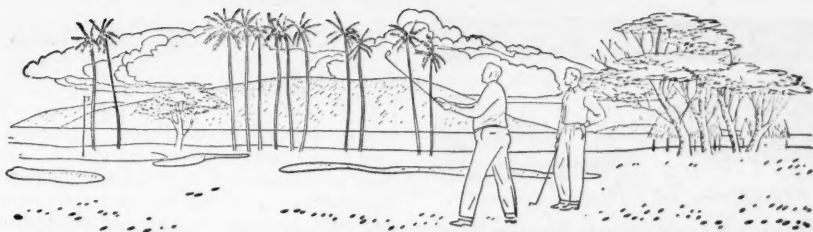
AS THINGS ARE, business in France is at a low ebb. In consequence of this the public revenue is affected materially. A tax-ridden country which is clamoring for tax-relief is told that July revenue collections were 275 million francs below estimates. And Mr. Lucien Lamoureux, Budget Minister, admits with easily imagined reluctance that the next budget will show a deficit of six billion francs, twice that of 1933. Since July matters have not improved—the trend of French trade, indeed, continues downward.

If it should come about that a financially gifted authority among the opposition, Flandin or Paul Reynaud, is able to present to Parliament a program of financial rehabilitation, he may well become to the French people what Franklin Roosevelt is to the American people. Not only is France at the crossroads, but her position is between two fires. Some of the shots exchanged in the Anglo-American monetary controversy are bursting in French territory. While this goes on to the north and west, to the east the Hitler psychosis has created a situation the dangers of which are only too obvious.

France can fairly say that she is more sinned against than sinning, but that will do her little good. What may help her is to take heed of what is happening in America, not to copy it, perhaps, but to emulate it.

It may be that France will decide that coöperation with England on the war debt question does not preclude coöperation with America on money and prices; that thereby France would stand a better chance to have her particular equities in the debt question weighed fairly by American public opinion and by Congress.

It may be that, entirely unknown even to herself, France has held for some time and still holds the key to Franco-American understanding, the use of which might open the way at last to real Anglo-American teamwork and more stable conditions throughout the world economically, and hence politically.



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## Education for Business

Continued from page 42

rations, with boards of trustees, directors, overseers, and with committees of all sorts and kinds. A study of psychology, therefore, as profound and as continuous as it may be made, constitutes an essential aid to the business executive.

A further help is found in the study of economics and of sociology. These subjects, however, are applied rather to groups of individuals than to the individuals themselves. They have to do with the facts and the principles, with the tides, tendencies, and movements of humanity itself. They touch, also, and may shadow forth the future of the race and of the races. Each of these studies may be pursued in continuous courses or superficially.

A modern language may be useful both as a discipline and as a tool. Yet as a tool it is not so useful as a student thinks it will prove unless he masters it completely. The usual study of a foreign language in college is necessarily so limited that the graduate is unable to use it with facility. A laborious use is fatal to his service in conference with the individual or with the group. Facility is of great worth; but awkwardness or ignorance may prove to be disastrous to his purpose. The wise student will seek means to obtain fluency in the languages he selects. He will also learn everything he possibly can about the history of the nation of which this language is the speech.

Be it also instantly and insistently affirmed that in the undergraduate college may fittingly be installed two special intellectual emphases or forces. First, if an undergraduate student is fairly confident of his choice of a vocation, he may be justified in laying a certain emphasis upon the studies which may prepare him to take up the technical parts of his proposed vocation. The student, for instance, who is to be a physician may, should, and must elect prescribed scientific subjects. The student who is to be a minister should take psychological and philosophical courses. The student who is to be a lawyer should elect history, philosophy, economics, and similar themes. Likewise, the man who is to enter business should elect, as I have said, subjects germane to his probable career.

Secondly, it is to be understood that the studies which a student chooses are not so important as are the mood and method in which he pursues them. Nor are the subjects so important as is the concentrated labor he gives to them. Above all, the content of a course is less valuable than the stimulation or the possible intoxication which the teacher creates in the student.

Moreover, finally and comprehending all, the character of the man entering business is infinitely more structural and more influential than is sheer intellectual ability, be this ability never so great. His character is more elementally formative than is his choice of studies. It is more important than are his technical fitnesses, be these fitnesses never so exact or so fine.

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## The March of Events

Continued from page 43

AN economic paradox that permitted huge surpluses of basic food products to glut the markets while 3,500,000 families on relief rolls are under-clothed and under-fed is assailed by President Roosevelt (September 21). He authorizes the Agricultural Adjustment Administration to buy food and clothing to be given to the unemployed "in addition to amounts they are now receiving". Cotton and pork are outstanding examples of surplus products in mind.

A COMMUNITY Credit Corporation is formed by Government agencies, to buy, sell, or lend money on commodities (October 6). Its initial capital comes from the Agricultural Adjustment Fund, and it has authority to borrow from the Reconstruction Finance Corporation. First loans will be on cotton, at 10 cents a pound (slightly higher than the current market price), to planters who have agreed to reduce their acreage.

### Inflation?

The dollar abroad sinks lower . . . but not low enough for the inflationists.

THE United States dollar reaches a new low value of 64.65 cents in foreign exchange transactions (September 19). Since the English pound sterling is also depreciated for the same reason—abandonment of the gold standard—the measuring stick is par for the French franc.

INFLATIONISTS in the Senate (notably Ellison D. Smith of South Carolina, chairman of the Committee on Agriculture, and Elmer Thomas of Oklahoma, author of the inflation amendment to the National Industrial Recovery Act), and others, meeting in Washington September 18, petition the President for a minimum price of 20 cents a pound for cotton, further acreage limitation to produce only 9,000,000 bales, and issuance of "United States notes" similar to the greenbacks of Civil War time. The price of cotton on this day is 10 cents a pound, up from 6 cents earlier in the year.

### Political Strife Abroad

Austria, Egypt, Cuba, and Spain . . . all have political crises.

A DICTATORSHIP in the republic of Austria is indicated by Chancellor Engelbert Dollfuss' assumption of the posts of foreign affairs, defense, security, and agriculture (September 21). But Dollfuss denies that he cherishes dictatorial intentions.

IN EGYPT, Abdel Fattah Zehia Pasha—vacationing in Europe—is chosen as Premier (September 24). Formerly Foreign Minister, he succeeds the "one man" ministry of Ismail Sidky Pasha.

A SPECTACULAR trial, at Leipzig, of four persons accused of setting fire to the

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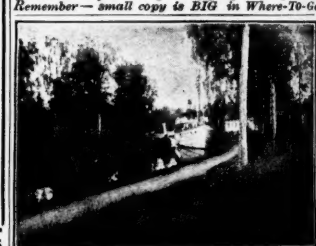
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German Reichstag building on February 27 is marked by the public confession (September 29) of the 24-year-old Dutch ex-Communist, Marinus Van der Lubbe, that he alone applied the torch. It is still widely asserted that he was the tool of the National Socialists or Hitlerites.

ALL-DAY fighting in Havana, after three weeks of quiet, results in the surrender of 500 army officers who had refused to take orders from sergeants and corporals now in authority. The National Hotel, where the officers were under siege, is bombarded (October 2) for ten hours by the revolutionists.

DOLLFUSS, Chancellor of Austria, is slightly wounded twice by a young Austrian Nazi after leaving the parliament building (October 3). Later he speaks reassuringly from his home, over the radio.

SPAIN's parliament, the Cortes, is dissolved by President Alcala Zamora (October 7) after months of political strife, the opposition being led by Manuel Azana, former Premier and "strong man" of the republic. Martinez Barrios is named Premier pending elections.

## International

At Geneva and elsewhere the  
 nations talk peace, disarmament, and trade.

THE ASSEMBLY of the League of Nations meets in its fourteenth annual session (September 25). Premier Johan Mowinkel of Norway, presiding, invokes the pacific spirit of Gustav Stresemann and Aristide Briand, both deceased. Danger of war in Europe, and a reopening of disarmament talks, are major phases of activity.

THE State Department at Washington says No! to suggestions from Great Britain that the building of new 6-inch-gun cruisers "larger than those now in existence" be deferred during the life of the Disarmament Conference (September 26). The United States Navy is building four cruisers of 10,000 tons each, carrying 6-inch guns. Britain prefers 7,000-ton cruisers.

ARGENTINA and Britain sign a tariff agreement at Buenos Aires (September 26). Designed to improve Britain's trade

without violating Argentina's "most favored nation" relations with the United States and Germany, it applies largely to things Britain sells.

DISARMAMENT leaders gather at Geneva (October 9) to prepare for a meeting of the general commission of the Disarmament Conference, now nineteen months old, on October 16. A new problem is the demand of Germany that she be permitted to arm (now forbidden by the peace treaty) or else that France disarm.

## Obituary

SAM A. BAKER, 59. A school teacher who became Governor of Missouri in 1925. September 16.

FRANCIS H. SISSON, 62. Vice-president of the Guaranty Trust Company of New York; recently president of the American Bankers Association. Successively newspaper editor, magazine editor, advertising agency executive, banker. September 17.

RAFFAEL CARDINAL SCAPINELLI, 75. September 17.

JEAN MARIE STEPHEN PICHON, 76. Three times French Minister of Foreign Affairs. September 18.

EDWARD WINDSOR KEMBLE, 72. Cartoonist and illustrator, famous for his comic drawings, especially of Negro life. September 19.

ANNIE BESANT, 85. An English minister's wife, she became a champion of atheism, socialism, birth control, theosophy, education and home rule for India, and reincarnation. September 20.

JAMES A. CAMPBELL, 78. Youngstown, Ohio, steel-maker. September 20.

HORACE LIVERIGHT, 49. A bond salesman who became a leading book publisher through his interest in the classics. September 24.

WILLIAM MURRAY BLACK, 77. Major-General, U. S. A., retired, war-time Chief of Engineers. September 24.

ALICE MURIEL WILLIAMSON. In literary partnership with her husband, the late C. N. Williamson, she produced twenty-three novels. September 24.

ARTHUR SELIGMAN, 60. Newspaper publisher, banker, Governor of New Mexico. September 25.

RING LARDNER, 48. Baseball reporter, he developed an original style of humorous slang and became a master of short-story writing. September 25.

HENRY SUZZALLO, 58. Former president of the University of Washington; president of the Carnegie Foundation for Advancement of Teaching. September 25.

ELBERT H. BAKER, 79. For thirty-five years publisher of the *Cleveland Plain Dealer*. September 26.

JAMES WILLIAM COLLIER, 61. Since March a member of the Tariff Commission. Representative in Congress from Mississippi, 1909-33; chairman of the Ways and Means Committee in the last Congress. September 28.

CHARLES PIEZ, 67. Director of the war-time shipbuilding activities of the Government, spending three billion dollars; a prominent Chicago manufacturer. October 2.

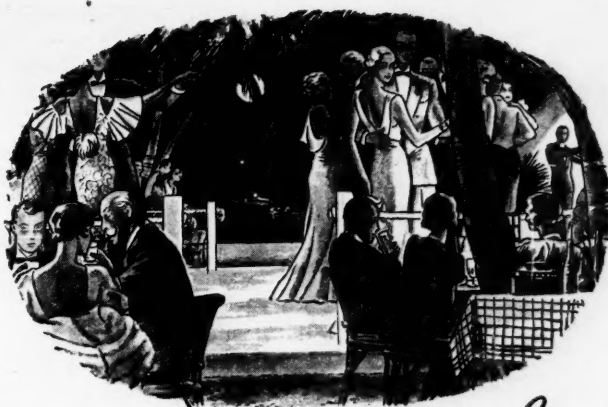
ROBERT NEWTON PAGE, 73. Representative in Congress from North Carolina, 1903-16; Aberdeen banker. October 3.

CHARLES E. THOMPSON, 63. Cleveland manufacturer of valves whose cash prizes for airplane speed helped to advance the record from 201 miles an hour in 1930 to 305 miles in 1933. October 4.

WALLACE R. FARRINGTON, 62. Honolulu newspaper publisher who served as Governor of Hawaii (1921-29) under two Presidents. October 6.

HERNAND BEHN, 53. Born in the Virgin Islands, he started a banking career in Porto Rico and became (as president of the International Telephone and Telegraph Company) one of the world's leading public-utility executives. October 7.

MORRIS HILLQUIT, 64. Russian-born chairman of the Socialist party in the United States; New York lawyer and twice candidate for Mayor. October 8.



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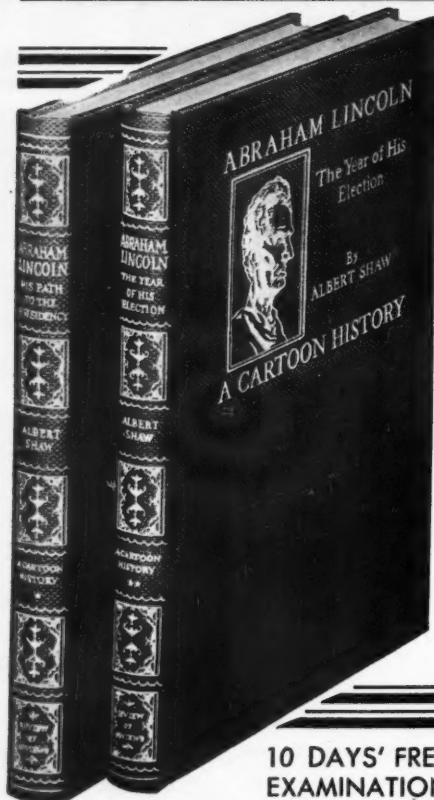
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—Charles E. Hughes, *Chief Justice of the U. S.*

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—Edwin C. Hill, *New York Sun*.

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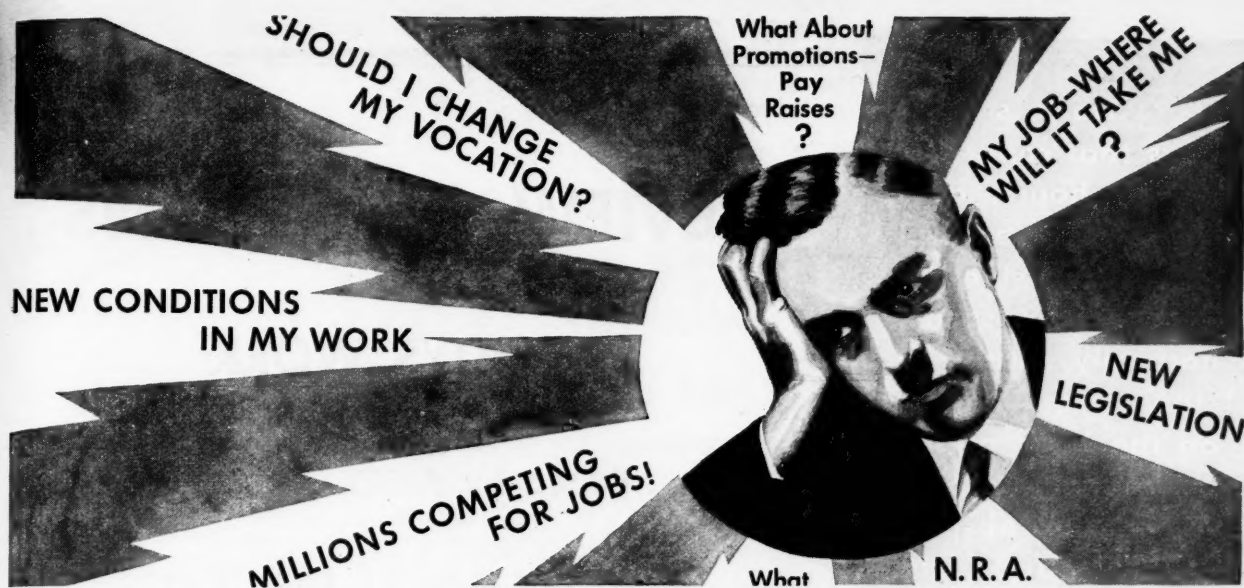
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